



**GUH HOLDINGS BERHAD**

(4104-W)

**Annual Report 2016**

# VISION

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To be profitable and well-established conglomerate that maximizes the interest for its

**SHAREHOLDERS**

**EMPLOYEES**

**CUSTOMERS**

**COMMUNITY**

# MISSION

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## **FOR ITS SHAREHOLDERS**

- Practise good corporate governance to enhance transparency
- Identify correct ventures and business development to maximize shareholders' value
- Provide good dividend payment

## **FOR ITS EMPLOYEES**

- Provide a conducive working environment
- Provide proper training, development and opportunities for career advancement
- Recognize and reward excellent employees

## **FOR ITS CUSTOMERS**

- Respond to the changing demands of the customers
- Improve products quality and technical innovations to fulfill customers' needs and satisfactions in the market place

## **FOR ITS COMMUNITY**

- Participate in environmental protection
- Uphold its corporate responsibilities for the benefits of the community



# CORPORATE PROFILE

GUH Holdings Berhad is a Malaysian-based corporation  
with businesses in  
electronic, property development and utilities

As a proud and home-grown company  
with its diversified portfolio,  
GUH is committed to building  
a sustainable future and bringing positive benefits  
to all its stakeholders

[www.guh.com.my](http://www.guh.com.my)



## CORPORATE INFORMATION

### Board of Directors

Tan Sri Dato' Seri H'ng Bok San  
*Executive Chairman*

Dato' Kenneth H'ng Bak Tee  
*Chief Executive Officer/Managing Director*

Dato' Harry H'ng Bak Seah  
*Non-Executive Director*

Datin Jessica H'ng Hsieh Ling  
*Non-Executive Director*

Mr. Chew Hock Lin  
*Independent Non-Executive Director*

Dato' Ismail Bin Hamzah  
*Independent Non-Executive Director*

Mr. Lai Chang Hun  
*Independent Non-Executive Director*

En. Wan Ismail Bin Wan Nik  
*Independent Non-Executive Director*

Dato' Gan Kong Meng  
*Independent Non-Executive Director*

### Company Secretaries

Dato' Kenneth H'ng Bak Tee (LS0008988)  
Kee Gim Tee (MAICSA 7014866)

### Share Registrar

Mega Corporate Services Sdn Bhd (187984-H)  
Level 15-2 Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 03 2692 4271  
Fax : 03 2732 5388  
Website : [www.megacorp.com.my](http://www.megacorp.com.my)

### Registered Office

Part of Plot 1240 & 1241  
Bayan Lepas Free Industrial Zone  
Phase 3, Bayan Lepas  
11900 Penang  
Tel : 04 6166 333  
Fax : 04 6166 366  
Website : [www.guh.com.my](http://www.guh.com.my)

### Independent Auditors

Crowe Horwath (AF 1018)  
Chartered Accountants  
Level 6, Wisma Penang Garden  
42 Jalan Sultan Ahmad Shah  
10050 Penang  
Tel : 04 2277 061  
Fax : 04 2278 011  
Website : [www.crowehorwath.com.my](http://www.crowehorwath.com.my)

### Principal Bankers

Public Bank Berhad  
Citibank Berhad  
United Overseas Bank (Malaysia) Bhd  
Malayan Banking Berhad  
CIMB Bank Berhad

### Stock Exchange Listing

Listed on the Main Market of  
Bursa Malaysia Securities Berhad  
under Industrial Products Sector

Stock Code : 3247  
Stock Name : GUH

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## PROFILE OF DIRECTORS



**Tan Sri Dato' Seri H'ng Bok San, JP**  
*PSM, DPPN, DGPN, DSPN, PKT, PJK*  
Executive Chairman  
77 years old, Male, Malaysian

Tan Sri Dato' Seri H'ng Bok San is the founder of GUH Circuit Industry (PG) Sdn. Bhd., the Executive Chairman of GUH Holdings Berhad ("GUH") Group and the substantial shareholder of GUH. He was appointed to the Board of GUH on 6 January 1994. Tan Sri Dato' Seri H'ng also sits on the Board of Sarawak Cable Berhad, a public listed company. He holds directorships in several other private limited companies.

An experienced and well-known entrepreneur who completed high school examination in the early years with a Certificate in Business Administration and Accounting obtained in Singapore, Tan Sri Dato' Seri H'ng began his career in various fields from marketing management, business administration to the setting up of businesses and manufacturing. Tan Sri Dato' Seri H'ng founded Leader Cable Industry Berhad back in 1976 and he implemented a restructuring and merger exercise between Leader Cable Industry Berhad and Universal Cable (M) Berhad and established Leader Universal Holdings Berhad as the holding company, which was formerly listed on Bursa Malaysia Securities Berhad. Throughout his career, Tan Sri Dato' Seri H'ng has been very much involved in the business entrepreneurship and he has gained extensive operational experience in the manufacturing as well as the corporate restructuring and merger exercise and many other fields and industry sectors. He has accumulated in-depth knowledge and recognition over the years.

Tan Sri Dato' Seri H'ng's daughter, Datin Jessica H'ng Hsieh Ling and two brothers, Dato' Harry H'ng Bak Seah and Dato' Kenneth H'ng Bak Tee are also the Directors of GUH. Tan Sri Dato' Seri H'ng is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 53rd Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day to day operations of the Company and its subsidiaries as disclosed on page 120 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which he has personal interests. Tan Sri Dato' Seri H'ng has not been convicted of any offences within the past 5 years other than traffic offences and he has not been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

Tan Sri Dato' Seri H'ng attended 3 out of 5 Board meetings which were held in the financial year ended 31 December 2016.

## PROFILE OF DIRECTORS



**Dato' Kenneth H'ng Bak Tee**

*DPNS, DSPN, PKT, PJM*

Chief Executive Officer/  
Managing Director

57 years old, Male, Malaysian

Dato' Kenneth H'ng Bak Tee has been appointed to the Board as the Chief Executive Officer/Managing Director of GUH since 1 September 2004. He is a member of the Remuneration Committee appointed by the Board. Currently he also serves as a Director of all subsidiaries of the Group and several other private limited companies. He is a Board member of Binary University College of Management and Entrepreneurship.

Prior to that, he was with International Business Machines (IBM) in Kuala Lumpur and IBM in Asia South Pacific Area (ASPA) HQ in Hong Kong. He was also with Leader Universal Holdings Berhad ("Leader") for 16 years.

Dato' Kenneth graduated with a Bachelor of Mathematics (Double Honours) in Computers Science and Combinatoric & Optimization and also holds a Master of Applied Science (Management Science) in University of Waterloo, Canada. He is currently a Fellow Member of the Institute of Approved Company Secretaries, an Affiliate Member of the Malaysian Institute of Chartered Secretaries and Administrators and a Member of the Registered Financial Planner.

Dato' Kenneth is the brother of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San and the Non-Executive Director, Dato' Harry H'ng Bak Seah. His niece, Datin Jessica H'ng Hsieh Ling is also a Non-Executive Director of GUH. Dato' Kenneth is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 53rd Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day to day operations of the Company and its subsidiaries as disclosed on page 120 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which he has personal interests. Dato' Kenneth has not been convicted of any offences within the past 5 years other than traffic offences and he has not been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

Dato' Kenneth attended all of the 5 Board meetings which were held in the financial year ended 31 December 2016.

## PROFILE OF DIRECTORS



**Dato' Harry H'ng Bak Seah**  
*DSPN, PJK*  
Non-Executive Director  
67 years old, Male, Malaysian

Dato' Harry H'ng Bak Seah was appointed to the Board as a Non-Executive Director of GUH on 13 January 1994. He also holds directorships in several other local and overseas private limited companies.

Upon completing his high school education, he began his career which is involved in the field of pewter and magnet wire manufacturing and operations. Subsequently, he ventured into the telecommunications and power cable business. He has held various positions from the Group Managing Director of Leader Universal Holdings Berhad since 1993 until the appointment as the Executive Vice Chairman from 1997 to 2005. Throughout his career, Dato' Harry gained extensive experience and enhanced the knowledge in the manufacturing operations and diversified business environment over the years.

Dato' Harry is the brother of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San and the Chief Executive Officer/Managing Director, Dato' Kenneth H'ng Bak Tee. His niece, Datin Jessica H'ng Hsieh Ling is also a Non-Executive Director of GUH. Dato' Harry is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 53rd Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day to day operations of the Company and its subsidiaries as disclosed on page 120 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which he has personal interests. Dato' Harry has not been convicted of any offences within the past 5 years other than traffic offences and he has not been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

Dato' Harry attended all of the 5 Board meetings which were held in the financial year ended 31 December 2016.



**Datin Jessica H'ng Hsieh Ling**  
Non-Executive Director  
51 years old, Female, Malaysian

Datin Jessica H'ng Hsieh Ling was appointed to the Board as a Non-Executive Director on 20 February 2001. She is a member of the Audit Committee and Risk Management Committee appointed by the Board. She holds directorships in several other private limited companies.

Datin Jessica graduated from Southern Illinois University at Carbondale, USA with a Bachelor of Science Degree, majoring in Accounting and she also obtained a Master of Science Degree, majoring in Taxation from Drexel University, Philadelphia, USA. Upon completing her tertiary education, Datin Jessica started her career by holding various major key positions in multinational companies and gained extensive knowledge and experience in corporate finance and business management prior to joining Leader Universal Holdings Berhad.

Datin Jessica is the daughter of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San. Her uncles, Dato' Harry is the Non-Executive Director and Dato' Kenneth is the Chief Executive Officer/Managing Director of GUH. Datin Jessica is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 53rd Annual General Meeting. She is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day to day operations of the Company and its subsidiaries as disclosed on page 120 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which she has personal interests. Datin Jessica has not been convicted of any offences within the past 5 years other than traffic offences and he has not been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

Datin Jessica attended all of the 5 Board meetings which were held in the financial year ended 31 December 2016.



## PROFILE OF DIRECTORS



**Mr. Chew Hock Lin**  
Independent  
Non-Executive Director  
73 years old, Male, Malaysian

Mr. Chew Hock Lin was appointed to the Board as an Independent Non-Executive Director of GUH on 20 February 2001. He serves as Chairman of Audit Committee and Risk Management Committee and is a member of the Nomination Committee and the Remuneration Committee of the Board. He is also the Senior Independent Director of GUH to whom all concerns may be conveyed. Mr. Chew also sits on the Board of Master Pack Group Berhad, a public listed company.

Mr. Chew graduated with a Bachelor of Commerce Degree from the University of Western Australia. He is a member of Chartered Accountants Australia and New Zealand. He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He is also a Fellow of Chartered Tax Institute of Malaysia. Mr. Chew is a former partner of an international audit firm. He has more than 40 years of working experience in various areas covering auditing, accounting, finance and tax. He gained extensive experience and knowledge during his tenure as a partner and long years of service in the accountancy profession. Based on his experience sitting on the Board of a few public listed companies, Mr. Chew is able to play his role in formulating and reviewing the Company's strategies and to strike a balance and make the Board more effective and be accountable to shareholders.

Save as aforesaid disclosed, Mr. Chew does not have any family relationship with and is not related with any Director and/or major shareholder of GUH nor has any personal interest in any business arrangement involving the Company. Mr. Chew has not been convicted of any offences within the past 5 years other than traffic offences and he has not been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

Mr. Chew attended all of the 5 Board meetings which were held in the financial year ended 31 December 2016.



**Dato' Ismail Bin Hamzah**  
*AMN, KMN, DIMP*  
Independent  
Non-Executive Director  
70 years old, Male, Malaysian

Dato' Ismail Bin Hamzah was appointed to the Board as an Independent Non-Executive Director on 19 December 2001. He serves as Chairman of the Nomination Committee and the Remuneration Committee of the Board. He is also a member of the Audit Committee and Risk Management Committee. Dato' Ismail sits on the Boards of a few public listed companies, namely Engtex Group Berhad, SCC Holdings Berhad, Goh Ban Huat Berhad and JKG Land Berhad. Apart from serving as a Director of public listed companies, Dato' Ismail also serves as a Director of several other private limited companies.

Dato' Ismail graduated from the University of Malaya in 1970 with a Bachelor of Economics (Hons) in Analytical Economics. Upon completed his tertiary education, he started his career by holding many key positions in the governmental agencies and organizations. He gained extensive knowledge and experience from economics to finance acquired, throughout his career and tenure of service in the governmental authorities for more than 30 years. Sitting on the Board of a few public listed companies, Dato' Ismail is very experienced and capable to provide independent and objective judgment to the Board and he is able to attend all the Board meetings with sufficient time devoted to reading and formulating solutions to issues presented at the Board meeting.

Save as aforesaid disclosed, Dato' Ismail does not have any family relationship with and is not related with any Director and/or major shareholder of GUH nor has any personal interest in any business arrangement involving the Company. Dato' Ismail has not been convicted of any offences within the past 5 years other than traffic offences and he has not been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

Dato' Ismail attended all of the 5 Board meetings which were held in the financial year ended 31 December 2016.

## PROFILE OF DIRECTORS



**Mr. Lai Chang Hun**  
*DJN, PKT*  
Independent  
Non-Executive Director  
79 years old, Male, Malaysian

Mr. Lai Chang Hun has been appointed to the Board since 13 January 1994. Mr. Lai is a member of the Nomination Committee appointed by the Board. He also holds directorships of several other private limited companies.

Mr. Lai was the Chairman of Penang Electrical Merchant Association and he is presently holding the position as one of the Trustees in the Association. He is presently a Director of Han Chiang High School and College and also holding the position as a Director in a number of social societies. Mr. Lai completed his high school education and obtained a diploma in the electrical and electronic in the early year. He started his career in the electrical engineering business. Over the years, he has gained extensive knowledge and business experience in the manufacturing and marketing of electronics and electrical products and appliances. Apart from that, he had been serving on the Board of other public listed company and is knowledgeable, competent and able to give objective judgment to the Board and to facilitate a more fair, balanced and effective governance of the Board and the Company.

Save as aforesaid disclosed, Mr. Lai does not have any family relationship with and is not related with any Director and/or major shareholder of GUH nor has any personal interest in any business arrangement involving the Company. Mr. Lai has not been convicted of any offences within the past 5 years other than traffic offences and he has not been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

Mr. Lai attended all of the 5 Board meetings which were held in the financial year ended 31 December 2016.



**En. Wan Ismail Bin Wan Nik**  
Independent  
Non-Executive Director  
70 years old, Male, Malaysian

En. Wan Ismail Bin Wan Nik has been appointed to the Board since 26 January 1994. En. Wan Ismail is also a director of several other private limited companies.

En. Wan Ismail graduated from the University of Malaya in 1971 with a Bachelor of Economics Degree. He also completed the examinations of the Institute of Chartered Secretaries and Administrators, United Kingdom in 1970 and the Securities Institute of Australia in 1972. Through his career that involved in various industries, he has gained extensive knowledge and diversified business experience including commercial banking, investment, property development, manufacturing and trading. He previously served as a Director in a few public listed companies and he is knowledgeable, competent and able to give independent judgment to the Board and to facilitate a more fair, balanced and effective governance of the Board and the Company.

Save as aforesaid disclosed, En. Wan Ismail does not have any family relationship with and is not related with any Director and/or major shareholder of GUH nor has any personal interest in any business arrangement involving the Company. En. Wan Ismail has not been convicted of any offences within the past 5 years other than traffic offences and he has not been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

En. Wan Ismail attended all of the 5 Board meetings which were held in the financial year ended 31 December 2016.

## PROFILE OF DIRECTORS



**Dato' Gan Kong Meng**  
*DSDK, PSPP, SDK, DJN, BCN, SMP, AMK,*  
*KMN, PPA*  
Independent  
Non-Executive Director  
62 years old, Male, Malaysian

Dato' Gan Kong Meng was appointed as an Independent Non-Executive Director on 1 June 2015. He is currently a Senior Vice President for corporate integrity and Chairman for credit review and risk assessment of a private limited company. Key responsibilities include implementing internal controls, working with relevant authorities and adopting important rules such as those relating to business relations and those relating to the prevention of money laundering and terrorist financing.

Dato' Gan graduated from the University Science Malaysia with a Bachelor of Science Degree in Physics & Mathematics and he also obtained a Master of Social Science Degree in Anthropology/Sociology.

Dato' Gan served in the Royal Malaysia Police for more than 30 over years before retiring in early January 2015. He was the OCPD of Georgetown, Penang, OCCI of Kuala Lumpur City and he also held various positions in special branch, management as well as public order. Dato' Gan's vast experience will benefit the Group in briefing the security and risk management issues.

Save as aforesaid disclosed, Dato' Gan does not have any family relationship with and is not related with any Director and/or major shareholder of GUH nor has any personal interest in any business arrangement involving the Company. Dato' Gan has not been convicted of any offences with the past 5 years other than traffic offences and he has not been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

Dato' Gan attended all of the 5 Board meetings which were held in the financial year ended 31 December 2016.

## PROFILE OF MANAGEMENT TEAM

### **DR. BRIAN KOK SIEW FOONG**

*General Manager – Electronic Division (GUH PG)*

*60 years old, Male, Malaysian*

#### **Qualifications:**

- Diploma in Electronics Engineering, ICS Schools, UK
- Master in Business Administration
- Doctorate of Philosophy in Business Administration, Bulacan State University of Philippines
- Member of The Institution of Engineering and Technology UK (MIET)

#### **Working experiences:**

- Test Equipment Engineer with Sanyo Electric
- Senior Design Engineer/R&D Project Manager with Grundig R&D
- Production Manager with Asian Driveshaft
- Application Engineering & Commercial Manager with GKN Driveline
- Personal Assistant to Group Executive Director with GUH Electrical Appliances Sdn. Bhd.
- Personal Assistant to General Manager with GUH Circuit Industry (PG) Sdn. Bhd.
- General Manager of GUH Circuit Industry (PG) Sdn. Bhd.

#### **Appointment to the current position:**

- 8 January 2014

### **MR. YEW KIM CHONG**

*General Manager – Electronic Division (GUH SZ)*

*52 years old, Male, Malaysian*

#### **Qualifications:**

- Graduated from high school education

#### **Working experiences:**

- More than 30 years of experience in rigid PCBs manufacturing industry
- Assistant Supervisor with MC Industry Sdn. Bhd.
- Senior Division Manager with Zycon Corporation (Kuching) Sarawak
- Deputy General Manager with GUH Circuit Industry (Suzhou) Co. Ltd.
- General Manager of GUH Circuit Industry (Suzhou) Co. Ltd.

#### **Appointment to current position**

- 1 January 2008

### **MR. LIM CHIN WANG**

*General Manager – Utility Division*

*38 years old, Male, Malaysian*

#### **Qualifications:**

- Bachelor Degree in Chemical Engineering, University of Technology Malaysia
- Registered Engineer of Board of Engineer Malaysia

#### **Working experiences:**

- More than 15 years of experience in planning and implementation of large scale water and wastewater projects, having worked in among others, Biwater, Hyflux and MMC.
- Identification and acquisition of water and wastewater treatment plants

#### **Appointment to the current position:**

- 1 July 2015

## PROFILE OF MANAGEMENT TEAM

### **MR. SUNNY LIM HIONG CHAI**

*Senior Project Manager – Property Division*

*55 years old, Male, Malaysian*

#### **Qualifications:**

- Bachelor of Engineering (Civil), University of Tasmania, Australia

#### **Working experiences:**

- More than 30 years of experience and knowledge in the building construction and property development industry.

#### **Appointment to the current position:**

- 16 August 2006

### **MR. LEOW CHEE JIAN**

*Senior Project Manager – Property Division*

*51 years old, Male, Malaysian*

#### **Qualifications:**

- Certificate in Architecture
- Diploma in Civil and Structure Engineering

#### **Working experiences:**

- More than 27 years of experience in construction and property development inclusive of design, planning, implementation, marketing and sale administration.

#### **Appointment to the current position:**

- 1 August 2006

### **MS. YEOH SAW GAIK**

*Deputy General Manger – Corporate Office*

*47 years old, Female, Malaysian*

#### **Qualifications:**

- Bachelor Degree in Accounting, University of Malaya
- Chartered Accountant with The Malaysian Institute of Certified Public Accountants
- Member of Malaysian Institute of Accountants

#### **Working experiences:**

- More than 20 years of experience in the field of accounting, costing, taxation, finance, auditing and risk management.
- Began her career with Arthur Andersen & Co

#### **Appointment to the current position:**

- 1 January 2015

## PROFILE OF MANAGEMENT TEAM

### **MR. LEWIS H'NG CHUN LI**

*General Manager – Corporate Office*

*29 years old, Male, Malaysian*

#### **Qualifications:**

- Bachelor Degree in Economics, Monash University, Australia

#### **Working experiences:**

- Gained extensive knowledge and experience in business management from Citigroup and Kiyamas Group of companies.
- 2 years working experience as Deputy General Manager in GUH Circuit Industry (Suzhou) Co. Ltd., China
- Personal Assistant to CEO/Managing Director of GUH Holdings Berhad
- General Manager of Corporate Division of GUH Holdings Berhad

#### **Appointment to the current position:**

- 12 January 2015

Mr. Lewis H'ng Chun Li is the son of Dato' Kenneth H'ng Bak Tee, CEO/Managing Director. He is also the nephew of Tan Sri Dato' Seri H'ng Bok San and Dato' Harry H'ng Bak Seah and the cousin of Datin Jessica H'ng Hsieh Ling.

Mr. Lewis H'ng sits on the board of majority of subsidiaries of GUH. He is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 53rd Annual General Meeting.

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#### **Additional notes on the above Management Team**

Save as aforesaid disclosed, none of the Management Team has any:-

1. Directorship in public companies and listed issuers;
2. Family relationship with any director or/and major shareholder of the Company;
3. Conflict of interests with the Company, and
4. Conviction of offences, other than traffic offences within the past 5 years, and public sanction or penalty imposed by the relevant regulatory bodies on him or her during the financial year.

EXECUTIVE CHAIRMAN'S STATEMENT



On behalf of the Board of Directors of GUH Holdings Berhad (“GUH” or “the Company”), I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2016.

**Tan Sri Dato' Seri H'ng Bok San, JP**  
*PSM, DPPN, DGPN, DSPN, PKT, PJK*  
Executive Chairman

## EXECUTIVE CHAIRMAN'S STATEMENT

### Performance Overview

Despite the adverse environment, for the financial year ended 31 December 2016, the Group's revenue increased to RM315.1 million from RM285.4 million recorded in the preceding year. The Group recorded a higher profit before tax of RM23.2 million compared to RM18.7 million for the preceding year mainly due to improvement and contribution from its Electronic Division.

### Significant Event

On 1 March 2016, the Company announced that the proposed acquisition of two (2) contiguous pieces of freehold vacant land held under Lot 1377 and Lot 1699, Mukim 12 at Tempat Ladang Valdor, Seberang Perai Selatan, Penang, measuring approximately 12.06 acres, one from a related party and another one from a third party by GUH Realty Sdn. Bhd., a wholly-owned subsidiary of the Company had been completed. During the financial year, the Company proposed and subscribed 1,166,667 new ordinary shares of RM1.00 each (25% equity interest) in Straits International Education Group Sdn. Bhd. for a total cash consideration of RM11.0 million; and acquired 2 ordinary shares of RM1.00 each (100% equity interest) in Milan Diamond Sdn. Bhd. for a cash consideration of RM2.00 and the settlement of liabilities of approximately RM6.77 million, of which RM3.5 million has been settled in year 2016. The transactions completed on 30 March 2016. Upon the completion, Straits International Education Group Sdn. Bhd. has become an associate of GUH Capital Sdn. Bhd., which is a wholly-owned subsidiary of GUH whereas Milan Diamond Sdn. Bhd. has become a wholly-owned subsidiary of GUH Asset Holdings Sdn. Bhd., which in turn a wholly-owned subsidiary of GUH.

### Sustainability of Business

The Board of Directors of GUH ("the Board") always acknowledges that maintaining a good business is not just about achieving the desired financial bottom line, but also being ethical and sustainable. Therefore, GUH Group will continue to embrace sustainability in carrying out its business conduct and operations, impact on the environment and society it operates.

More information on GUH's initiatives is disclosed in the Sustainability Report of the Company's Annual Report 2016.

### Corporate Governance

In line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance 2012, the Board firmly believes that good governance enables the Group to hold the trust of its stakeholders. Therefore, the Board is always mindful of its duties and will continue to uphold and foster a strong culture on corporate governance as the Board believes that it is the platform to safeguard the best interest of the Company and its shareholders

while ensuring that the interests of other stakeholders are not compromised.

More information in relation to corporate governance can be found in the Corporate Governance Statement of the Company's Annual Report 2016.

### Dividend

The Board is committed to delivering the best value to the shareholders via consistent dividend payments. In line with this, the Board has continuously been declaring dividend to its shareholders over the years in its commitment to enhance shareholders' returns. For the financial year ended 31 December 2016, the Board declared an interim single tier dividend of 3.5 sen per share. This was paid on 28 September 2016 to the shareholders whose names appeared in the Record of Depositors of the Company at the close of business on 8 September 2016.

### Related Party Transactions

The related party transactions of the Group are disclosed in Note 29 of the Notes to the Financial Statements which also set out the recurrent related party transactions conducted during the year in accordance with the mandate obtained from the shareholders at GUH's Annual General Meeting held on 24 May 2016. Except as aforesaid disclosed, there is no other material contract involving the interest of the directors and major shareholders during the period.

### Outlook and Prospects

Moving into year 2017, the Company has adopted a cautious approach given that market conditions remain volatile. Nevertheless, Electronic Division of the Group anticipates better results on predicted surge in global market for major domestic appliances, favorable product mix and implementation of operational improvement strategies. In addition, Property Division foresees new property launches, flat growth in demand for electrical products and building materials coupled with higher FFB yield in year 2017. Utility Division expects to return to the black on higher revenue recognition coupled with aggressive tendering of new and sizeable water projects in year 2017. Overall, the Group expects to remain positive and perform better in the year ahead.

### Appreciation

The Board would like to take this opportunity to express its heartfelt thanks and appreciation to the Management team and staff for their loyalty, hard work and commitment in driving the Company forward. The Board also records thanks to the shareholders, customers, partners, bankers, business associates and all the respected government authorities for their invaluable support and assistance, continuous trust and understanding during the year.



MANAGEMENT'S DISCUSSION AND ANALYSIS



On behalf of the Board of Directors of GUH Holdings Berhad (“GUH” or “the Company”), I am pleased to present the results and performance of GUH and its Group of Companies for the financial year ended 31 December 2016.

**Dato' Kenneth H'ng Bak Tee**

*DPNS, DSPN, PKT, PJM*

CEO/Managing Director

MANAGEMENT'S DISCUSSION AND ANALYSIS

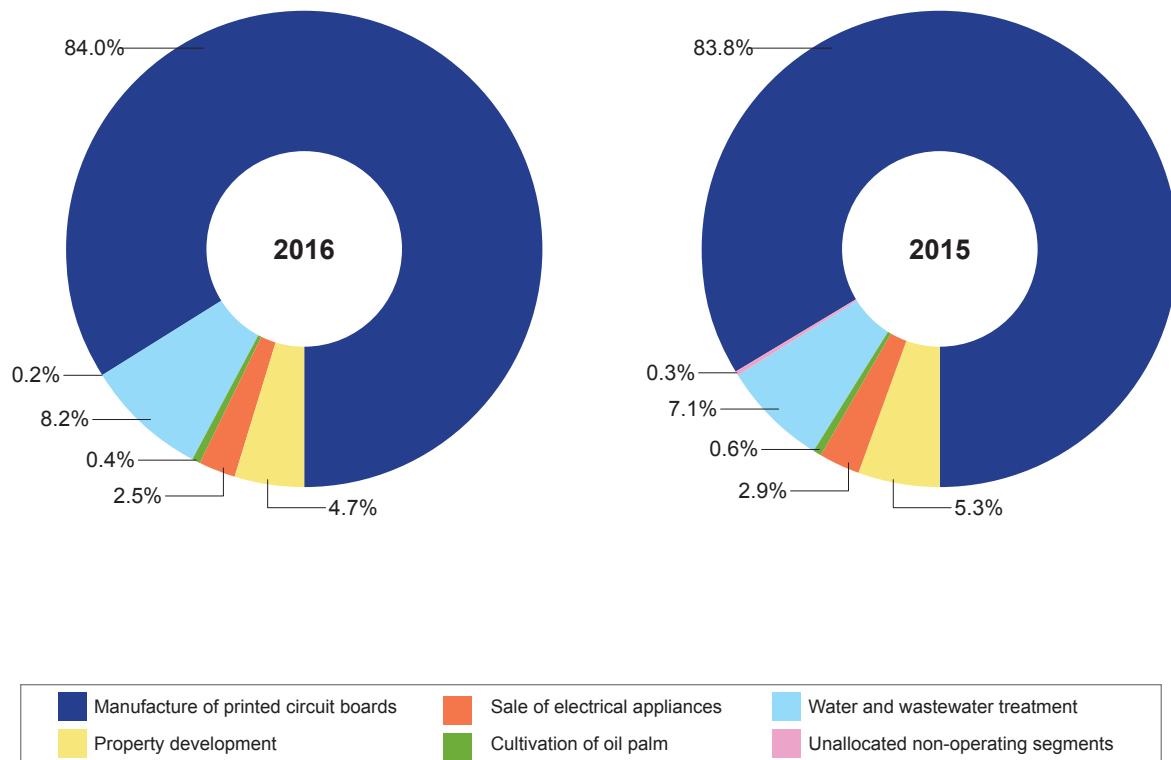
For the financial year ended 31 December 2016, there was an increase of RM29.7 million in Group revenue of RM315.1 million compared to RM285.4 million for year 2015.

Electronic Division had a higher contribution of RM264.7 million or 84.0% of Group revenue (year 2015: RM239.3 million or 83.8%). Utility Division brought in RM25.7 million or 8.2% of Group revenue (year 2015: RM20.3 million or 7.1%) mainly contributed by the water projects of its subsidiary known as Teknoserv Engineering Sdn. Bhd.

Despite improved performance by Electronic and Utility Divisions of the Group, Property Division had dropped slightly in revenue to RM14.8 million or 4.7% of Group revenue (year 2015: RM15.0 million or 5.3%). This was affected by the adverse economic environment which continued to pressure the decrease in the number of property units sold. Meanwhile, Electrical Division made RM8.0 million or 2.5% of Group revenue (year 2015: RM8.3 million or 2.9%) mainly due to lower sales of electrical products.

Plantation and Investment Divisions recorded RM1.4 million and RM0.5 million or 0.4% and 0.2% of Group revenue respectively. (year 2015: RM1.7 million and RM0.8 million or 0.6% and 0.3%).

GUH Group Revenue By Segment



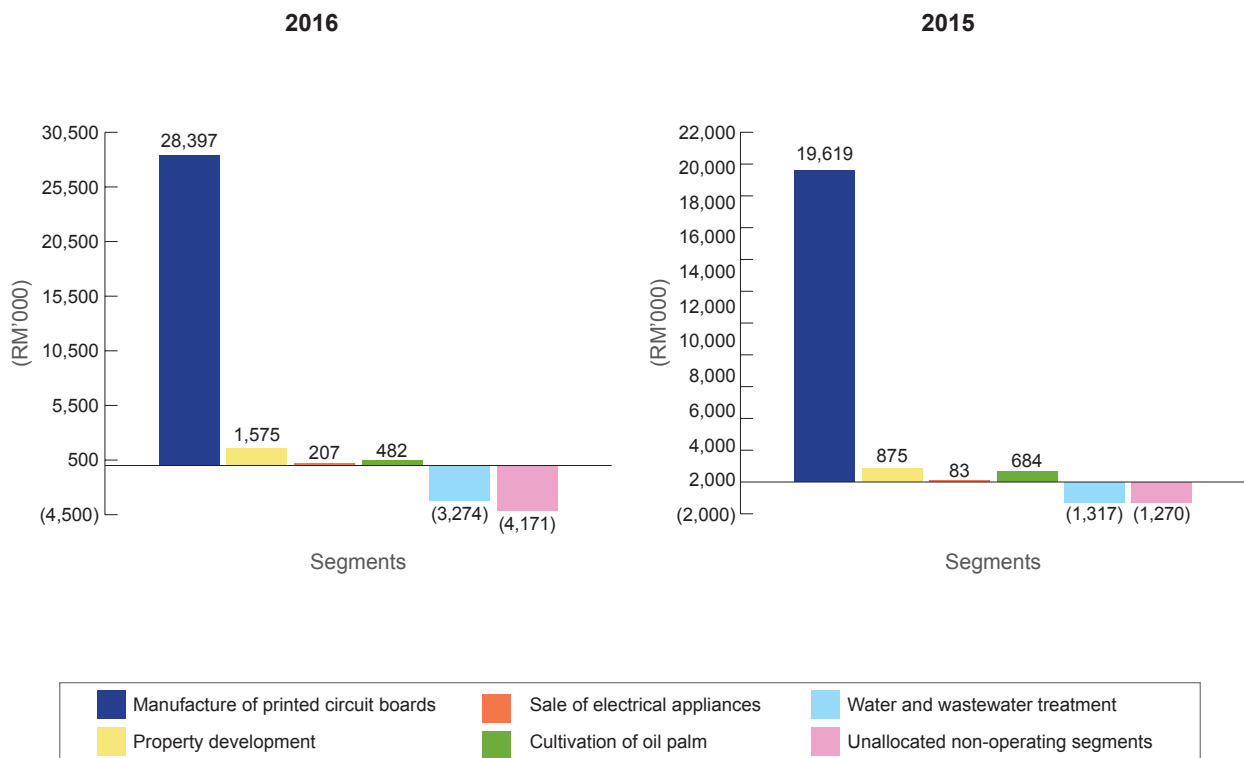
MANAGEMENT'S DISCUSSION AND ANALYSIS

Despite tough business environment throughout year 2016, GUH Group managed to make profit before tax of RM23.2 million which was RM4.5 million higher than profit before tax of RM18.7 million recorded in year 2015. There was an improvement of RM8.8 million in profit before tax for Electronic Division mainly contributed from its two subsidiaries namely GUH Circuit Industry (PG) Sdn. Bhd. and GUH Circuit Industry (Suzhou) Co., Ltd. of RM7.2 million and RM1.4 million respectively. Profit before tax for Electrical Division increased by RM0.7 million compared to year 2015 mainly due to higher gain on fair value adjustment of investment properties of RM0.6 million and gain on disposal of investment properties of RM0.1 million for its subsidiary known as GUH Realty Sdn. Bhd.

Apart from that, there was a decline of RM0.2 million in loss before tax for Investment Division compared to year 2015 mainly due to favorable foreign exchange of RM0.7 million offset by fair value loss on contingent consideration for the acquisition of associates, i.e. Straits International Education Group Sdn. Bhd. ("SIEG") of RM0.4 million during year 2016.

The negative variance of RM2.6 million in contributions from associates was due to share of loss from Cambodia Utilities Pte. Ltd. upon the expiration of Power Purchase Agreement in May 2015 and share of loss from SIEG of RM0.4 million. In addition, Utility Division suffered a further loss of RM2.0 million compared to year 2015 mainly due to slow construction progress for new water projects coupled with higher administrative expenses. In the meantime, Property Division recorded a loss before tax of RM0.1 million against profit before tax of RM0.9 million for year 2015 with lower property units sold. Profit before tax for Plantation Division plunged by RM0.2 million compared to year 2015 in tandem with the drop in revenue.

GUH Group Profit Before Tax By Segment



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Electronic Division

#### Manufacturing of Printed Circuit Boards (PCBs)

##### GUH Circuit Industry (PG) Sdn. Bhd. (GUH PG)

The revenue of GUH PG for year ended 2016 improved significantly over year 2015, an indicative trend that the strategies of long term business sustainability by improving capability, capacity and customer confidence bore fruit. Strategies were mapped and carried into action plans by careful analysis of the market situation, predicting future trends of end products and to make focused investments in capital assets and knowledge development of the employees in the identified PCB domain. As a result, there were improvements in double-sided and multi-layered boards technical capabilities and sales. GUH PG recorded a significant improvement in profit before tax for the year ended 2016 compared to year 2015.

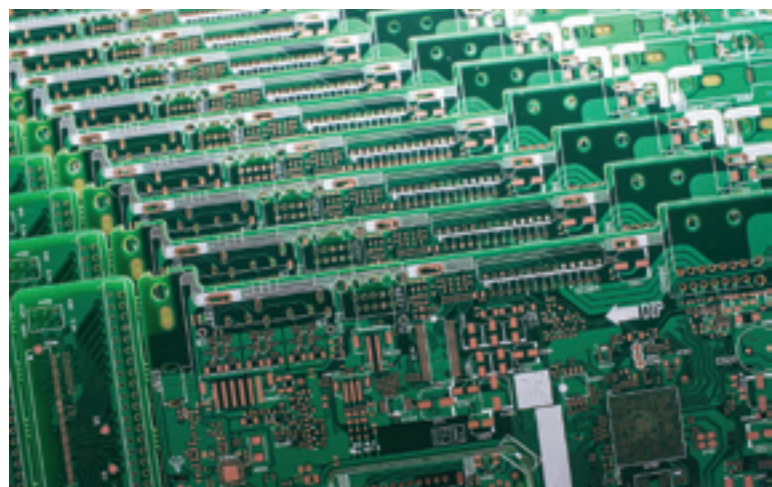
As external key indicators of continuous improvements worthy of highlighting were receiving the Toshiba Best Service Award and the Yamaha Best Performance Award both in May 2016.

GUH PG's product quality improved significantly, customer audits passed with distinction and all Quality Management System and Environmental System audits passed effortlessly. Customers visiting GUH PG increased significantly due to its motto of "selling a solution" rather than just PCBs.

The financial performance of GUH PG improved significantly in both revenue and profit before tax contributed by Management's focus on improving manufacturing efficiency, customers confidence and with careful analysis of end products to understand customers technical expectations better. In 2016 GUH PG made a strategic and significant CAPEX investment to upgrade its manufacturing capability. GUH PG further budgeted for substantial CAPEX investment for year 2017 to further improve on manufacturing capability as well as strategic semi-automation investment in some key identified processes.

The consumer preference trend of moving from family lounge TV, home theater, Hi-Fi sets towards individualised carry-along smart phones remain unabated and thus GUH PG expects a continued decline in PCBs for Audio and Visual products. The products of air-conditioners, car-audio, home appliances and musical instruments will continue to grow. GUH PG is redirecting efforts and strategies in its marketing as well as the manufacturing capabilities towards this domain.

The prices of raw material, copper clad laminates ("CCL"), one of the major material used for making PCBs have been moving upwards in 2016 due to the supply of copper foil being diverted to making batteries for electric



vehicles and other battery operated products. GUH PG continuously negotiate is with customers for reasonable price increase in line with CCL price hike.

Availability of workers and labour cost increased have become a norm and problems that every manufacturer face in Malaysia. The Malaysian government has further increased the minimum wage ruling to RM1000 in July 2016 from the RM900 mandated in January 2013, which add on the burden of direct labour cost. In this domain, GUH PG is embarking on a project of semi-automation of identified areas to reduce reliance on workers for repetitive tasks.

In December 2016, Bank Negara Malaysia implemented the FOREX rule of;

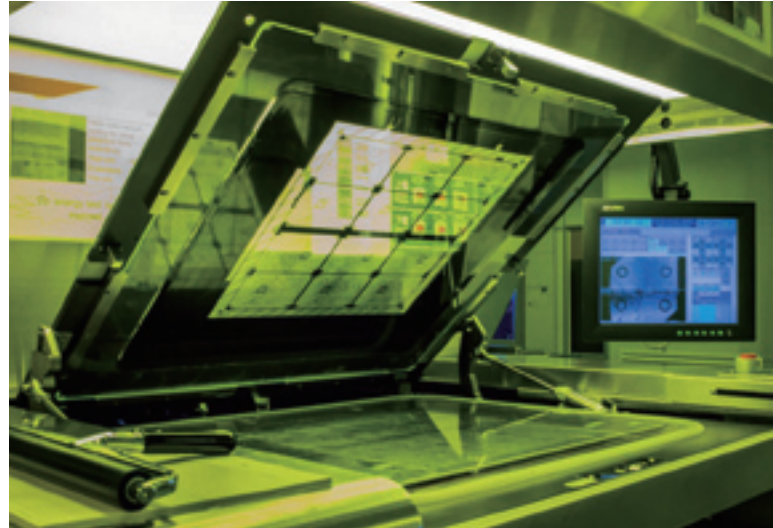
- 75% immediate conversion of USD to MYR during payment by overseas customers
- All payment between resident companies in Malaysia must be in MYR

This new rule has an impact on USD prices to resident companies. Nevertheless, GUH PG managed to negotiate a win-win payment agreement with its customers.

Despite the presence of unavoidable risks factors such as highlighted, the prospects of GUH PG for 2017 remain stable and sustainable and it expects improvements in 2017 over 2016 by implementing actions to enact the following strategies:

- Continue to enhance customers confidence in quality, delivery lead-time, productivity, capability in low volume high mix business, by improving internal operational performance.
- In the marketing and sales domain GUH PG will pursue new customers with products in home appliances, air-conditioners, car-audio, air-conditioners and musical instruments.

- An expansion of existing customer and new customer groups by promoting customers confidence in the capability in fine pitch and line design, BGA design, impedance control, carbon printing, gold plating and plugged-hole designs.
- Concentration of higher sales margin products such as double-sided and multi-layered PCBs and expansion in the export market to replace business lost in the local Malaysian market.
- In 2016, GUH PG's investments in machinery will take on the approach to semi-automate wherever possible to position itself into less reliance on direct labour as well as securing consistency in manufacturing efficiency.



#### **GUH Circuit Industry (Suzhou) Co., Ltd. (GUH SZ)**

The revenue of GUH SZ for year 2016 was slightly lower than year 2015 and profit before tax also decreased slightly in year 2016. Benchmarking with similar industries, GUH SZ remains strong and profitable.

The continuous increment in production costs attributed to external factors coupled with labour shortage and the stringent China government's environment regulations were some of the constraints that caused less efficient and weaker PCB manufacturers to sustain losses and to close down their manufacturing operations or move out from China to ASEAN regions such as Thailand and Vietnam.

However, GUH SZ has been able to weather the situation well by undertaking various action plans which include cost reduction strategies in manufacturing operations, supplier management, logistic and stringent budgetary control to remain competitive.

GUH SZ expects threats like increment in production costs coupled with labour cost, labour shortage, the stringent China government's environment regulations to worsen over time. GUH SZ with forward preparations and sustainability plans will brave through any challenges.

Other challenges include stiff competition from similar well managed local Chinese PCB manufacturers with the improvement of their products quality coupled with their

aggressive price strategy, extension of longer payment terms, cheaper tooling cost and engineering cost to capture new business share allocations.

Although GUH SZ's total sales revenue decreased slightly in year 2016 it is confident that the company will be able to sustain and be profitable in 2017 and beyond to its manufacturing operation excellence, good quality products and reputable market image.

Going forward, GUH SZ will continuously develop products for customers in the niche market and selection of more profitable PCB applications in the home appliances and fan motor market. This new business expansion will generate additional sales revenue with better profit margin while maximizing the utilisation of production capacity. GUH SZ will continue to upgrade its production capability and its operation excellence to gain customers confidence and future business sustainability.

GUH SZ continued its branding image of maintaining over 75% of Japanese based customers of year 2016 total sales revenue. This will continue to contribute significantly in the sustainability of company's profitability due to better pricing scenario and business stability trend of its customer profile.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Property Division

**GUH Properties Sdn. Bhd. (GUH Properties)**  
**GUH Land Sdn. Bhd. (GUH Land)**  
**GUH Development Sdn. Bhd. (GUH Development)**  
**GUH Realty Sdn. Bhd. (GUH Realty)**  
**Milan Diamond Sdn. Bhd. (Milan Diamond)**

Revenue of GUH Properties in year 2016 was lower than the previous year. Slump in the oil price, depreciation of Malaysian Ringgit, and tightening of credit rules for housing loan were among the major factors toward the weak property market. As a result, the profit before tax was affected accordingly.

For the year under review, GUH Properties embarked on high-end landed guarded residential development situated on high ground with surrounding shopping malls, healthcare centres and commercial hubs. The construction of the entrance statement and show villa are on the verge of completion.

GUH Development is currently planning the overall master development plan for the 46 acres development land at Simpang Ampat, Pulau Pinang. It will be an integrated development with lifestyle shops, housing projects and commercial hub. Launches will be scheduled in the near future.

In year 2016, GUH Realty completed the purchase of 2 pieces of land at Sungai Bakap, Pulau Pinang. With combined land area of approximately 17 acres, the development is at the stage of obtaining approvals from the relevant authorities to develop into light industrial area.

Beside land acquisition at Sungai Bakap, Milan Diamond, the wholly owned subsidiary of GUH Asset Holdings Sdn. Bhd., has at the same year entered into a land acquisition agreement to acquire 3 acres of land at Rawang, Selangor to erect international school together with building and the land it will be leased to Straits International Education Group (SIEG) on long term basis.



Based on the current challenging economic environment and rising cost of living, it is anticipated that sales will continue to slow down. Property Division has intensively developed more aggressive marketing strategy to market its products and to cater for stiffer competition among property players.

Moving forward, Property Division will embark on integrated commercial project with retail outlets, recreation and leisure facilities, food and beverage outlets, shops and offices. Due to lack of integrated commercial projects in the area of Taman Bukit Kepayang, Seremban and its strategic location, the development will be in great demand.

Property Division will launch the light industrial project in Sungai Bakap, Pulau Pinang and to construct the international school buildings in Rawang, Selangor once the relevant authority approval have been obtained.

With the introduction of the above diversity range of property development, different market needs and demands have been captured. Property Division has strategised its position to diversify its source of income and profit from different range of property development products.

The Property Division will continue to scout for land to further increase its land bank and to cater for future growth.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Electrical Division

#### GUH Electrical (BW) Sdn. Bhd. (GUH BW)

GUH BW is principally engaged in the trading of various electrical goods and construction materials such as tiles, paints and sanitary ware.

GUH BW closed a difficult year on a good note. Despite a challenging market environment due to difficult macroeconomic conditions, GUH BW grew net profit by more than 50%, from RM0.1 million to RM0.2 million. The growth came from both existing products and new products range which contributed strongly to its profit margin. During the year, the company widened its range of products under the house-brand "LEB", to maximize margin, in addition to the current product range of fittings, ballasts and industrial fan. The LEB brand has expanded to include LED tube and flexible cables.

2016 was a challenging year with depreciation of the Malaysian Ringgit and weaker private consumption, which led to a year of reduced demand and unpredictability. However, GUH BW is now better positioned for profit growth in year 2017 as market conditions stabilize.

As an established trading house, having been in the business for more than 45 years, the division constantly strives to serve its existing customers better by maintaining reliable and excellent service, and at the same time, attracting the best possible new customers with its fair market prices.

GUH BW continues to be one of the top distributors of established brands of electrical installation materials such as Schneider and will continue to source and engage for new or other established products that will contribute to its revenue.

GUH BW maintains an optimistic outlook for the division. 2016 was a year of macroeconomic difficulty and challenging with unpredictable markets. GUH BW enters 2017 with engaged and committed team to focus on realizing operational efficiencies to drive profitability growth.

### Plantation Division

#### GUH Plantations Sdn. Bhd. (GUH Plantations)

Prolonged dry weather in second half of year 2015 and first half of year 2016 caused the output of fresh fruits bunches to decline which affected and dampened the crude palm oil production. Production of crude palm oil dropped from 19.96 million tonnes in year 2015 to 17.31 million tonnes in year 2016. The decline was approximately 13.28%.

Palm oil stocks closed at 1.77 million tonnes in December 2016, lower by 23.38% compared to 2.31 million tonnes recorded in December 2015. One of the reasons for the decline in stocks was due to lower production.

In year 2016, the price of all oil palm products was higher due to low fresh fruits bunches production further improved palm oil prices and weaker Malaysian Ringgit against US Dollar. Crude Palm Oil was traded at RM2,652.00 per

tonne in year 2016 compared to RM2,153.50 per tonne in year 2015. Crude Palm Oil price reached RM3,200.00 per tonne in December 2016.

High Crude Palm Oil price has narrowed palm's discount to the rival edible oil, prompting price-sensitive buyers to switch to soy instead.

The Plantation Industries and Commodities (MPIC) Ministry is optimistic of achieving higher palm oil export revenue in year 2017 on the back of better prices seen in the current commodity.

GUH Plantations expects to achieve higher output in year 2017 compared to year 2016 due to better rainfall in the past. Nonetheless, the increase is not significant as palms require longer recovery period.

MANAGEMENT'S DISCUSSION AND ANALYSIS



**Utility Division**

**Water & Wastewater Solutions**

**Teknoserv Engineering Sdn. Bhd. (Teknoserv)**

The revenue increased to RM25.7 million in year 2016 from RM20.3 million in year 2015. The growth in revenue was due to recognition of sales from maturation of ongoing projects.

In addition to the above, Teknoserv demonstrated itself as an experienced and established player in the water and sewerage industry by successfully securing a 50 MLD water treatment plant project in Perak in January 2016 and three new sewerage treatment plant projects in Negeri Sembilan and Penang respectively in the second half of year 2016.

Teknoserv had also successfully commissioned and handed over a 25 MGD water treatment plant in March 2016 which was an integral part of the prestigious Muda River Scheme Phase 4A Package 12 Project in Penang and on track to complete another two water treatment plant projects by end of year 2017.

In view of the intense competition among service providers, players apt to outbid each other in order to secure market share. Following this and the need to remain viable, Teknoserv offers attractive packages to secure contract

especially during this economic downturn. In order to remain competitive, the company has established strong networking with supply chain and sub-contractors in order to achieve competitive pricing. The management staff always maintain good rapport with consultants, clients and relevant authorities to ensure the secured projects are executed smoothly.

Price escalation in construction material and equipment, and weakening of Malaysian Ringgit during procurement stage for imported equipments are some of the major threats to the company. In order to mitigate this, the team consistently checks for materials and equipment prices and validity on a regular basis. The team will secure longer price validity period from the suppliers before taking up any new contract.

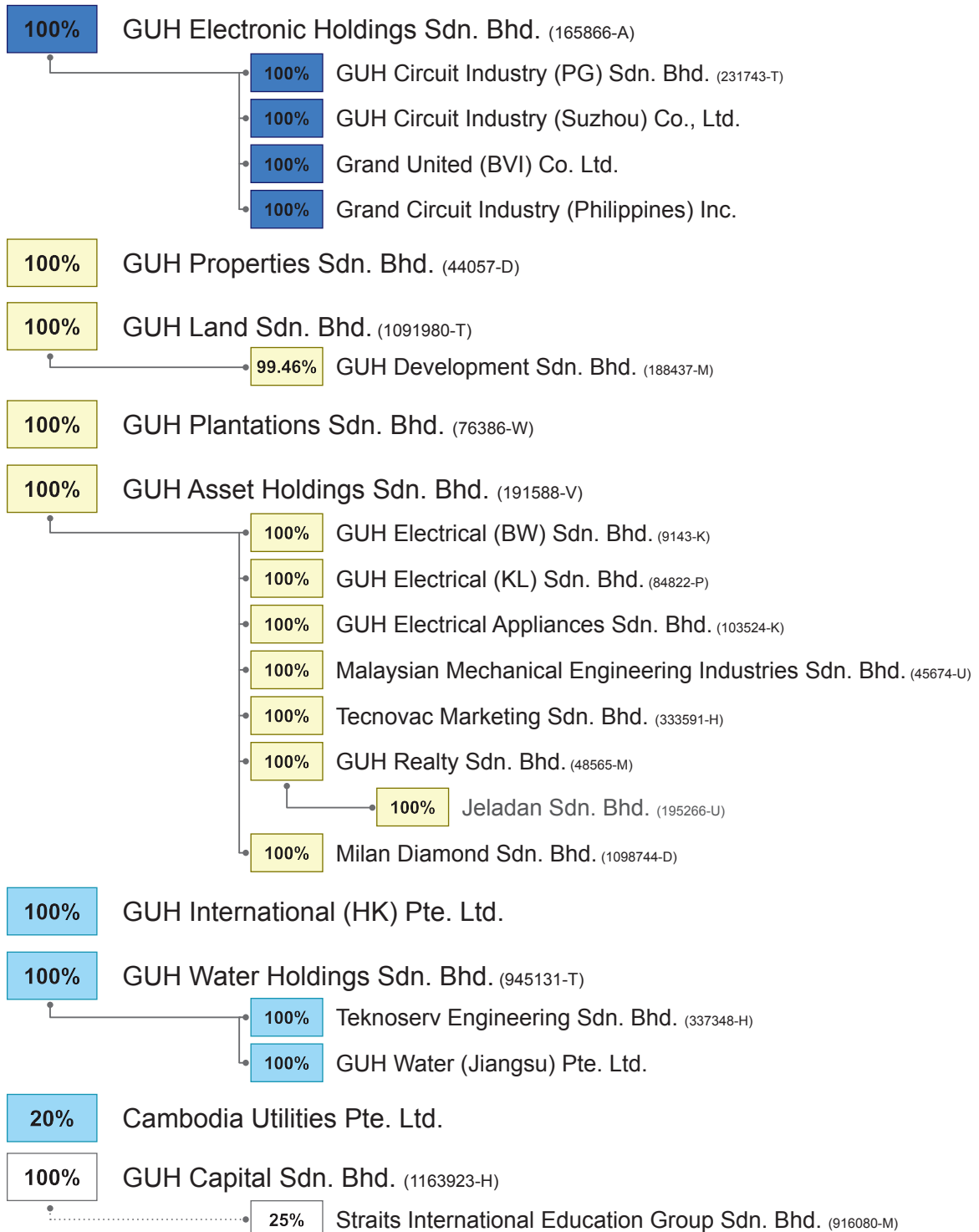
Teknoserv is well placed to participate and clinch more projects in the water and sewerage markets, locally and overseas by consistently reviewing its business development strategies and efforts in line with market opportunities and developments in order to further enhance its order book and secure its business portfolio in the region.

**Financial Position of GUH Group**

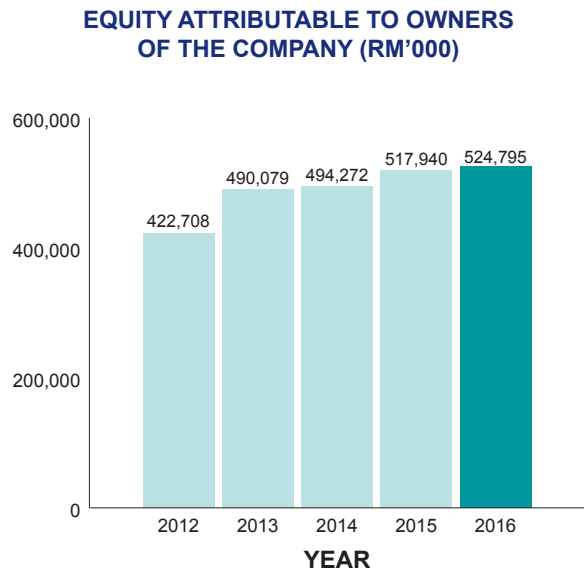
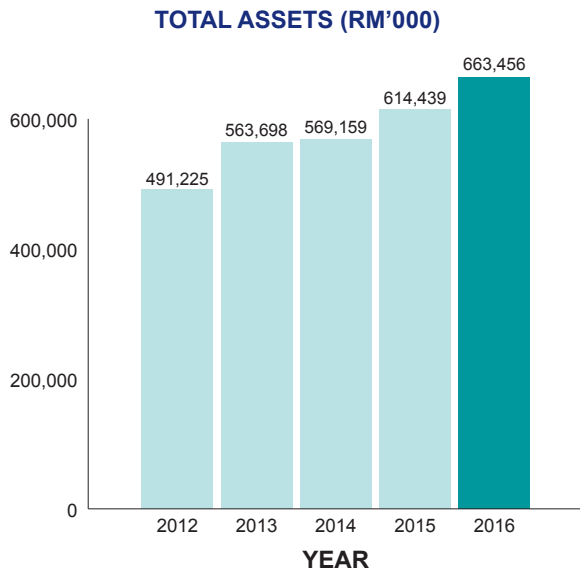
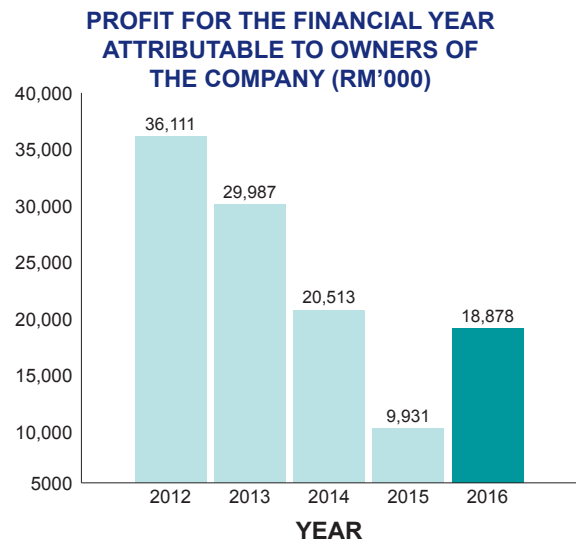
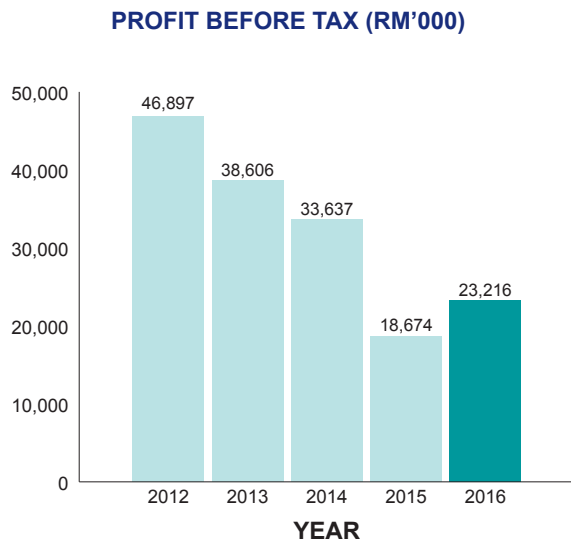
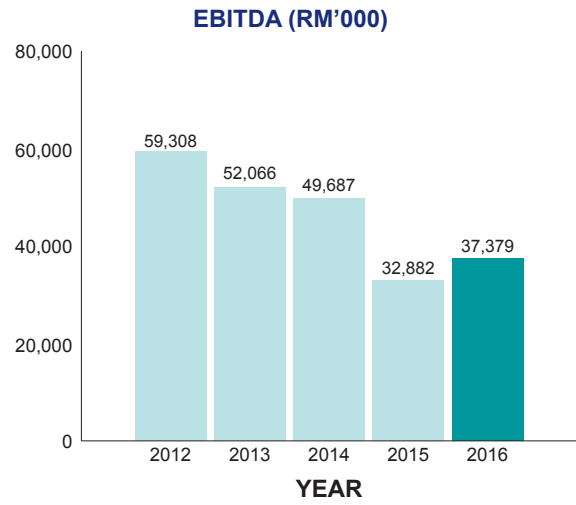
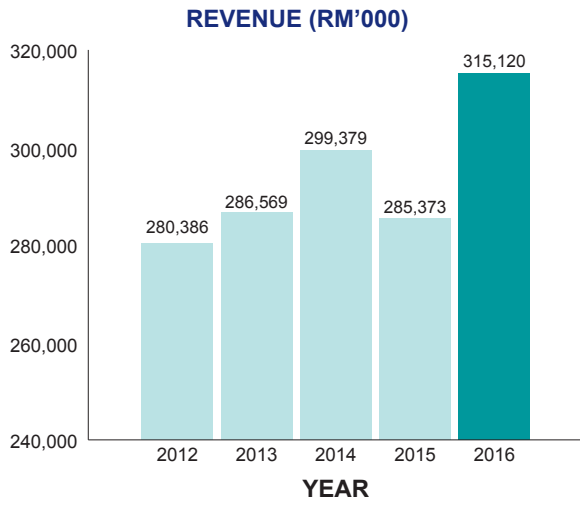
GUH Group's total assets as at 31 December 2016 was RM663.5 million against RM614.4 million in year 2015 while equity attributable to owners of the Company grew to RM524.8 million from RM517.9 million. Net assets per share attributable to owners of the Company increased to RM1.99 per share from RM1.96 per share last year. Total cash of the Group was RM110.6 million as at 31 December 2016 compared to RM136.0 million as at 31 December 2015.



CORPORATE STRUCTURE

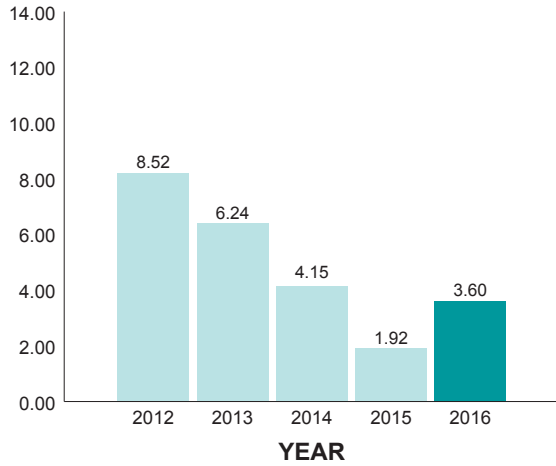


FINANCIAL HIGHLIGHTS

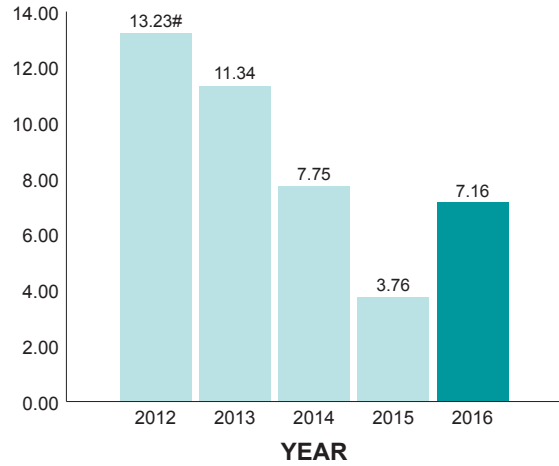


FINANCIAL HIGHLIGHTS

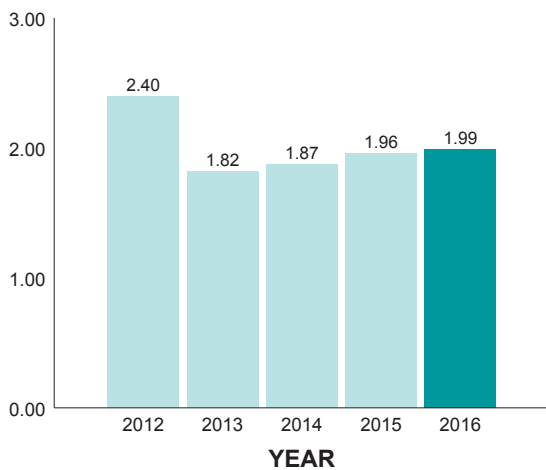
RETURN ON TOTAL EQUITY (%)



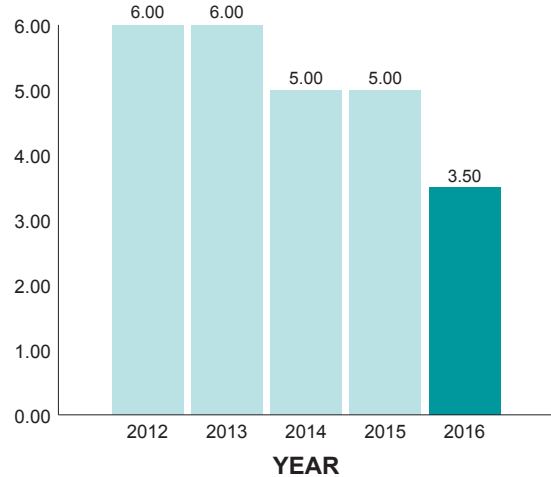
BASIC EARNINGS PER SHARE (SEN)



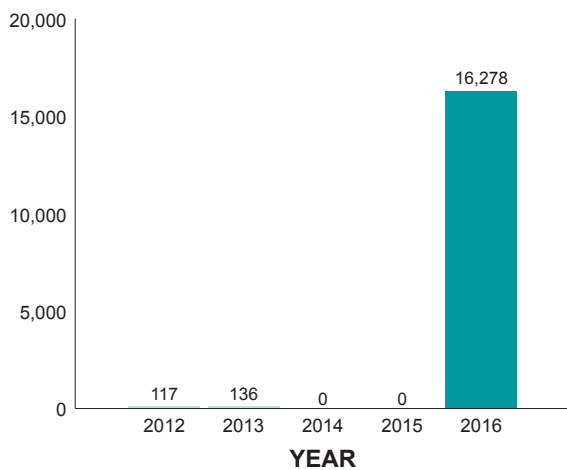
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)



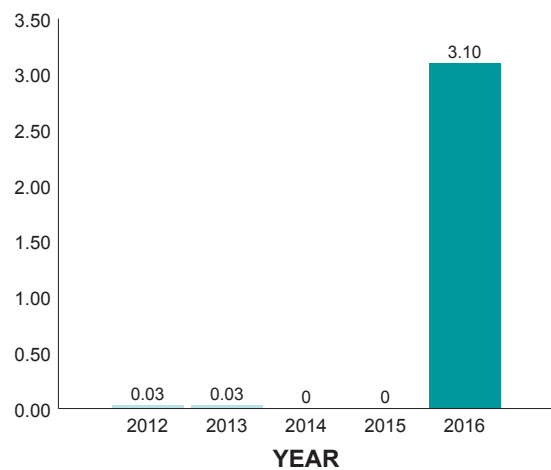
GROSS DIVIDEND PER SHARE (SEN)



LOANS AND BORROWINGS (RM'000)



GEARING RATIO (%)



# Adjusted retrospectively to reflect the changes in the number of shares as a result of 1 for 2 Bonus Issue in November 2013.



# Sustainability Report

## SUSTAINABILITY REPORT

Recognizing that the Company and its business cannot sustain itself in the society and environment in which it operates; the Board of Directors (“the Board”) of GUH Holdings Berhad (“GUH” or the “Company”) continues its effort in embracing the environmental, social and governance criteria in its business operations and developments. The sustainability management has been driven to continue focusing on the areas across the four sectors: the marketplace, the workplace, the environment and the community.

### Care for the Marketplace

GUH is committed to be a responsive and transparent partner to all its stakeholders. It continues to uphold good corporate governance and business conduct guided by integrity, transparency and accountability. GUH pledges to adhere to the Malaysian Code on Corporate Governance and ensure the compliance of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and to any other rules and regulations. Its financial reports are managed in accordance with the rules and requirements of regulatory bodies such as the Listing Requirements, the Companies Act, 1965 and the Malaysian Accounting Standards Board in Malaysia. Internal control and governance are in place and internal audit function is structured in providing an independent appraisal function which aims to meet the needs of the Group and is committed to working with the management to assist GUH Group in achieving its corporate ambitions and objectives.

Creating a consistent return for shareholders is one of its key objectives. GUH has been declaring dividends out of profits to its shareholders over the years. In year 2016, an interim dividend (single tier) of 3.5 sen per share of RM1.00 each had been declared and paid to the shareholders on 28 September 2016. Share Buy-Back exercise has been renewed and approved with the aim to provide a long term return potential to its shareholders and to position and support the fundamental value of GUH shares.

Annual General Meeting is a principal forum for the communication between the Company and its shareholders. Material information is disseminated through appropriate channels in open and timely manner. Quarterly results, announcements, Annual Reports and press releases are available on its corporate website, [www.guh.com.my](http://www.guh.com.my) to provide information to the shareholders. Throughout the year, the Company also conducted forum and dialogue with analysts and fund managers in respect of investor relations to ensure stakeholders access relevant information easily. The Company also engaged media through media briefings and interviews to disseminate the relevant news to the public.



From the economic perspective, one of its subsidiaries namely GUH Circuit Industry (PG) Sdn. Bhd. (“GUH PG”), being a PCB manufacturer under the Electronic Division, constantly strives to develop products and services which offers advance designs and good value in pricing, quality safety and environment. Currently, GUH PG has core competencies for double-sided and multi-layered PCBs in fine line, dense hole designs, BGA design, plugged hole design, impedance control and complicated carbon print designs. Thus, it provides an upstream supply of services and PCBs for many of the electronics producers in the country.

In upholding its pledge to contribute towards the local economy, it continues to strategize and reinvest in the factory by introducing newer technology and processes. This will have a compounded effect in people knowledge improvement, welfare; continued livelihood as well as setting a foundation of sustainability that would benefit stakeholders, its customers as well as the local community.

As an example, GUH PG made significant revamps in process realignment and flow simplification, strategic machineries investment and the building projects of Phase 2, Phase 3, and Phase 4 and currently Phase 5 which is due for start of construction in April 2017 demonstrates the commitment of GUH PG towards the future and a livelihood for its staff. It further elaborates that Phase 5 is the project to build the annex Inner Layer Cleanroom complete with state of the art LED-CCD Exposure machines, a precision DES Line and a precision lamination Line.

## SUSTAINABILITY REPORT

### Care for the Workplace

Employees are assets of GUH. Therefore, GUH believes that the commitment and efforts of the employees are fundamental to ensure sustainability of the Group. To respect the human rights of the employees, conducive and safe working conditions with competitive terms and conditions of employment are provided.

The Occupational, Safety & Health Act places a legal duty on GUH to ensure that the health, safety and welfare of all the employees are safeguarded at work. Hence, its business properties in Malaysia and overseas are conducted with high safety and management standards. Various talks and training are held to educate the employees on safety and health issues. Non-smoking policy has been introduced and enforced in the office premises/building to mitigate the risk of smoking-related fire incidents. GUH also carries out periodic fire drills for its employees. GUH continuously explores the possibility of strengthening the implementation of insurance policies for its employees.

During the year, GUH sponsored a range of sporting events and activities for the employees. Badminton, Futsal

and Bowling competitions have been held to encourage its employees to participate and gain benefits from this healthy sports event besides the weekly yoga classes held in the office premises.

The Company also provides constant training to its employees. GUH Toastmasters Club has been chartered for the purpose of helping its employees to improve their communication and leadership skills with the aim to enhance the Group's performance by creating a group of well trained, high caliber and talented diverse work force. GUH organized several functions for its employees from every Division of the Group and took the opportunity to extend its appreciation to the employees for their hard work and dedication to the Group throughout the year.

GUH Management is constantly on the lookout in promoting diversity within the Group that can be able to provide equal opportunities. The recruitment policy has brought people from diverse background and level of experience to work for the benefits of the Group as one family. GUH also endeavors to put much effort in building a gender balanced organization.



## SUSTAINABILITY REPORT

### Care for the Environment

GUH is committed to embedding environmental criteria in its operations and investment decisions. The business and operations are carefully planned and designed to minimize and protect the impact of the ecosystem.

GUH always plays its role to implement conservation and efficiency improvement measures to address environmental issues and challenges. WLAN system and internet access is implemented to reduce paper usage in line with its efforts to reduce global warming. As a manufacturing concern, GUH continuously upgrades the infrastructure and systems throughout its operations with the aim of reducing emissions, discharges and to upkeep its principles of 3R– Reduce, Reuse and Recycle to minimize the impact on the environment and to do its part in reducing pollution. An important highlight is that

one of the manufacturing plants in Penang is certified to ISO 14001:2004 which is the platform for environmental protection, management and review. The concept to care for the environment is extended to the Property Division, which provides decorated greenery and landscaped open space for the environment of each housing scheme. There is no burning or hazardous weedicide allowed throughout the Plantation Division.

GUH advocates and encourages the 3R among its employees in saving resources to help minimize carbon footprint. All employees have been urged to continuously use the recyclable bags and food containers as part of its “Go Green” programmes. Employees are also encouraged to utilize reusable eating utensils instead of disposable ones.

REDUCE-REUSE-RECYCLE

### Care for the Community

GUH is a corporation that cares. It continuously contributes financial aid to charitable organizations. In the past year, GUH gave a RM10,000 donation to Persatuan Kebajikan Kanak-Kanak Terencat Akal, Pulau Pinang in conjunction with Penang Starwalk 2016 Charity Walk. Persatuan Kebajikan Kanak-Kanak Terencat Akal, Pulau Pinang is a non-profit community-based organization dedicated to serving children with special needs.

During the year, GUH also sponsored and gave donation to various organizations to demonstrate its cares to the society. GUH will continuously do its part to help and give back to the society and to give aid in raising its concerns to the local community.



## CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) of GUH Holdings Berhad (“GUH” or “the Company”) is committed to embrace and pursue a strategy of best practice of corporate governance in order to excel and create shared value for all its stakeholders. The Board firmly believes that excellence in corporate governance remains the commitment of the Company and its subsidiaries (“Group”). It is important for the Group to strictly comply and adhere to good corporate governance such as integrity, transparency; accountability and responsible business conduct, as the basis of how to do business so as to build a sustainable future that bring in positive benefits for value creation.

In supportive of embracing and practicing good corporate governance, the Group’s corporate governance framework is built on the following guidelines and requirements:

- The principles and recommendations of the Malaysian Code on Corporate Governance 2012 (“Code”)
- The corporate governance requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”)
- Corporate Governance Guide: Towards Boardroom Excellence, issued by Bursa Malaysia Securities Berhad
- Corporate Disclosure Guide by Bursa Malaysia Securities Berhad

The Board is pleased to present this Corporate Governance Statement that sets out the manner on how the Group has applied the corporate governance framework, principles and recommendations as outlined in the Code during the financial year ended 31 December 2016. The reason that Company has not applied specific principles in the Code is also explained in this Statement.

### I. BOARD OF DIRECTORS

#### 1. Board Charter

The Board Charter forms an integral part of the Directors’ duties and responsibilities and also serves as a source of reference for the Board members to act on behalf of the Company to ensure that they conduct in the manner that the principles and practices of good corporate governance are applied in their dealings.

The Board Charter is reviewed annually with its latest update being made in November 2016.

The details of the Board Charter are available for reference at [www.guh.com.my](http://www.guh.com.my).

#### 2. Composition of the Board

The Board consists of nine (9) members of whom are the Executive Chairman, the Chief Executive Officer/ Managing Director (“CEO/MD”), two (2) Non-Executive Directors and five (5) Independent Non-Executive Directors.

There is a clear division of responsibilities between the Executive Chairman and the CEO/MD. The separation of the two positions in the Company promotes accountability and facilitates division of responsibilities so that management decisions are made in order to ensure independence. Tan Sri Dato’ Seri H’ng Bok San, the Executive Chairman is primarily responsible for running the Board and ensures that the Board accepts full share of responsibilities of governance. He is also responsible for the integrity and effectiveness of the relationship between the Independent and the Non-Independent Directors. Dato’ Kenneth H’ng Bak Tee, the CEO/MD is responsible for the day to day operations of the Group. In addition, his responsibilities include among others, reporting, clarifying and communicating matters relating to the daily operations to the Board and to ensure the business; policies and strategies formulated by the Board are implemented effectively with the assistance from the Management team.

The Code recommends that the Chairman of the Board must be a Non-Executive member and where the Chairman is not an Independent Director, it must comprise a majority of Independent Directors. Currently the Board comprises a majority of Independent Directors. Though the Chairman is not a Non-Executive Director, it is of the Board’s opinion that the Executive Chairman is the single largest shareholder and there is the advantage of shareholder leadership and a natural alignment of interest. In addition, the Executive



## CORPORATE GOVERNANCE STATEMENT

Chairman is the founder of the Group with extensive knowledge and experience and he is competent to lead the Group towards highest level of achievement. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Listing Requirements. The Board is always mindful of the potential conflict of interest that may arise in each transaction, in which case, interested Directors are abstained from decision making.

The presence of Independent Directors which comprise majority of the Board members is sufficient to provide the necessary checks and balances on the decision making process of the Board. They do not participate in the day to day management of the Group and do not engage in any business dealings or other relationship within the Group. They possess integrity and extensive experience to provide independent and unbiased views at Board's deliberations and fair judgment to safeguard the interest of the Company, shareholders and the stakeholders. The Board has specific functions reserved for the Board and those delegated to the Management of the Company to ensure accountability is enhanced.

The composition and size of the Board is reviewed from time to time and assessed annually to ensure its appropriateness and effectiveness. Though the Board believes that tenure should not form part of the independence assessment criteria, the Board practices and undertakes annual assessment of its Independent Directors based on the experience and personal qualities more particularly integrity and objectivity of each individual Director to ensure the current Independent Directors are able to exercise independent judgments and act in the best interest of the Company. The Board is satisfied with the current diversity which is not limited to gender alone, but encompasses ethnicity. Currently the Board has a good mix of commercial, technical and governmental experience relevant to the operations of the Group. These include, inter alia, entrepreneurship, economics, finance, tax management, accountancy, marketing, public administration and human resource management.

The profile of each Director is presented on pages 4 to 9.

### **3. Duties and Responsibilities of the Board**

The Board must ensure that all the Directors are aware of their roles and responsibilities as outlined by the Board Charter which also serves as a source of reference to all stakeholders.

The Board assumes the following duties:-

- To review and adopt strategic plans for the growth of the Group;
- To set policies appropriate for the business of the Group;
- To oversee the conduct of the Group's business and to evaluate whether the business is being properly managed;
- To approve annual budget;
- To set and review budgetary control and conformance strategies;
- To monitor management performance and business results;
- Acquisition and disposal or closure of business;
- Declaration of dividends and approval of financial statements, including accounting policies of the Group;
- To identify principal risks and to ensure the implementation of appropriate systems that encourage enhancement of effectiveness in Board and Management;
- To keep pace with the modern risks of business and other aspects of governance that encourage enhancement of effectiveness in Board and Management;

CORPORATE GOVERNANCE STATEMENT

- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board and key management;
- Be accountable to the shareholders to ensure the Group has appropriate corporate governance that operates efficiently and transparently;
- To set and review and approve annual reports to the shareholders; and
- To review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board not only sets the strategic direction but also oversees the business conduct to ensure the Group is in compliance with rules and regulations, laws and requirements and upholding of ethical values.

Overview of the Roles on the Board is as follows:

Role	Key Responsibilities
Executive Chairman Tan Sri Dato' Seri H'ng Bok San	The Executive Chairman of the Board is to preside over meetings of Directors and ensure the Board accepts full share of responsibilities of governance
CEO/MD Dato' Kenneth H'ng Bak Tee	The CEO/MD assumes overall responsibilities for the execution of the Group's strategies in line with the Board's direction, oversees day to day operations of the Group and drives the Group's businesses and performance towards achieving the vision and goals set by the Board
Senior Independent Non-Executive Director Mr. Chew Hock Lin	The Senior Independent Non-Executive Director acts as a point of contact for shareholders and other stakeholders to whom queries or concerns relating to the Group may be conveyed
Non-Executive Director	Non-Executive Directors (both Independent and Non-Independent) neither involve in day to day operations nor participate directly in the business dealings. Instead, they monitor and supervise Management's conduct in running the business while bringing their external perspective and wisdom to bear on the decision making process

In discharging its responsibilities, the Board is always mindful to act in good faith and transparent and exercise their basic duties of good management to ensure the Group is committed to a culture of high corporate compliance and high ethical behavior. As the highest standard of integrity is expected from all of its employees, including the Management up to the Board level, the Group takes a serious view on any misconduct by its employees, Management and Directors, in particular with respect to their obligations to the Group's interests.

The Board is cognizant of the importance of whistleblowing system. Therefore, whistleblowing channels have been established to help stakeholders raise concerns, without fear of retaliation, on any wrongdoing that they may observe in the Company.

The Whistleblowing Policy and Procedures of the Company have been set up and shall be applicable to all employees of GUH, which include its local and overseas wholly-owned subsidiaries and sub-subsidiaries. The Board firmly acknowledges that a whistleblowing system may strengthen and support good management and in the mean time demonstrates accountability, provides good risk management as well as sound corporate governance practices. In continue pursuing excellence in corporate governance

CORPORATE GOVERNANCE STATEMENT

within the Group, the Company is in the process of drawing up all relevant internal documents such as Code of Business Conduct, Code of Ethics and all the necessary policies and procedures which will be made available in the near future.

**4. Board Meetings**

The Board, chaired by the Executive Chairman meets at least four (4) scheduled meetings annually, with additional meetings convened as and when necessary. In the absence of the Executive Chairman, the Senior Independent Non-Executive Director normally chairs the meeting. During the financial year ended 31 December 2016, five (5) Board meetings were held. Issues and decisions made during Board meetings are recorded by the Company Secretary. Minutes of each Board meeting are circulated to each Director prior to confirmation of the minutes by the Executive Chairman in the next Board meeting. Minutes and resolutions passed at each meeting are kept in the statutory register at the registered office of the Company. The daily operational matters that require immediate Board decision will be sought via Directors' circular resolutions, supported by full detailed information. The Board normally ratifies the circular resolutions at the subsequent Board meeting.

The attendance records of each member of the Board in 2016 are as follows:

Board of Directors	Feb	May	Jun	Aug	Nov	Total
Tan Sri Dato' Seri H'ng Bok San Executive Chairman	•	x	•	•	x	3/5
Dato' Kenneth H'ng Bak Tee CEO/MD	•	•	•	•	•	5/5
Dato' Harry H'ng Bak Seah Non-Executive Director	•	•	•	•	•	5/5
Datin Jessica H'ng Hsieh Ling Non-Executive Director	•	•	•	•	•	5/5
Mr. Chew Hock Lin Independent Non-Executive Director	•	•	•	•	•	5/5
Dato' Ismail Bin Hamzah Independent Non-Executive Director	•	•	•	•	•	5/5
Mr. Lai Chang Hun Independent Non-Executive Director	•	•	•	•	•	5/5
En. Wan Ismail Bin Wan Nik Independent Non-Executive Director	•	•	•	•	•	5/5
Dato' Gan Kong Meng Independent Non-Executive Director	•	•	•	•	•	5/5

All the Directors attended at least 50% of the Board meetings held during the financial year, with the majority having full attendance and have complied with the Listing Requirements in terms of attendance.

**5. Statement of Activities for the financial year ended 31 December 2016**

The following details are activities carried out by the Board in 2016:

- Reviewed the Company's performance in 2015 and the business outlook for 2016;
- Received reports on any related party transaction(s) and declaration of interest by Directors;
- Approved the Directors' Report and Audited Financial Statement for the financial year ended 31 December 2015;
- Approved Annual Report 2015;
- Approved the Statement in relation to Proposed Renewal of Share Buy-Back;

## CORPORATE GOVERNANCE STATEMENT

- Approved the draft Circular to Shareholders in relation to Proposed Renewal of Recurrent Related Party Transactions of revenue or trading nature;
- Reviewed and approved quarterly results for 2016 and announcements;
- Reviewed the quarterly reports from the CEO/MD on the progress of all business divisions and any significant change in the business and the external environment, which affected the operations;
- Approved the annual budget and capital expenditure budget;
- Reviewed the Company's strategies and plans;
- Approved the re-appointment of Group's External Auditors and ensured that the External Auditors meet the criteria provided by the Listing Requirements;
- Approved the reports of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee;
- Reviewed the risk management framework of GUH;
- Reviewed the succession planning of the Company;
- Noted the amendments made on the Listing Requirements; laws and regulations.

### 6. Supply of Information

All Directors of the Company have full access to information concerning the Company and the Group. Prior to the Board and Board Committee meetings, a formal agenda as approved by respective Chairman of the Board and the Committees together with the papers containing relevant information to the Board/ Committees are delivered to the members for the Directors to be prepared and deal with if any matter arising from such meetings and to enable the Board and the Board Committees to make decisions. They normally receive the information and meeting papers one week before the scheduled meetings. The Directors would also seek the advice and services of the Senior Management or engage other external consultants/independent professionals in the discharge of their duties and to clear any doubt or concern, if deemed necessary.

All Directors have access to the services of the Company Secretary especially relating to procedural and regulatory requirements. The Board is regularly updated on the changes and amendments to the statutory and regulatory requirements. During the financial year, the Board has been updated on the Listing Requirements amendments, particularly with regards to the enhanced disclosure and corporate governance. The Directors may seek independent advice, where necessary so as to ensure they are able to make independent and informed decisions. In assisting the Board, the Company Secretary undertakes responsibilities in preparing agendas with the Executive Chairman and the CEO/MD and notifying all Directors, ensuring effective meeting flows, advising the Board on the implementation of the Code, monitoring compliance of principles and practices, keeping abreast to the enhancement in corporate governance and ensuring high standards of governance. The Company Secretary is also responsible to maintain the documentation of the Board such as meeting papers and minutes of the Board and its Committees to be produced for inspection, if required.

### 7. Board Committees

The Board is assisted by various Committees in the execution of its responsibility. Each Committee has its own functions and terms of reference which have been clearly defined by the Board. Each Committee reports its recommendations and decisions to the Board for approval. The Company Secretary shall assist in drawing up and circulating the agenda and notice of meetings together with the supporting documentation to the Committee members. The Company Secretary shall also be responsible to record, maintain and circulate the minutes of the meetings of the Board Committees to all other members of the Board.

Four (4) Board Committees are established to assist the Board in the discharge of its statutory and fiduciary responsibilities.

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Overview of the role of each Committee is as follows:

Board Committee	Role
Audit Committee	Oversees the Company's financial reporting process and practice and reviews the results of internal and external audit activities and to ensure compliance with all applicable accounting standards and any other relevant regulatory authorities.  <i>Refer Audit Committee Report on pages 47 to 50 for more details on key activities.</i>
Risk Management Committee	Identifies, evaluates and manages the significant risks associated to current business, any new investment and/or divestment and control responsibilities with appropriate action plan and ensures the implementation of appropriate systems to manage the overall risk exposure of the Group.  <i>Refer Statement on Risk Management and Internal Control on pages 44 to 46 for more details.</i>
Nomination Committee	Reviews annually the required mix of skills, experience and other qualities including core competencies of individual Director, evaluates the assessment of effectiveness of the Board as a whole, and also all other Committees appointed by the Board. Reviews the appointment, re-election of Director and dismissal of Director, if any.
Remuneration Committee	Reviews remuneration of Executive Directors.

**8. Appointment to the Board**

**Nomination Committee**

The Nomination Committee of GUH currently consists exclusively of Independent Non-Executive Directors.

**Dato' Ismail Bin Hamzah** - Chairman  
*Independent Non-Executive Director*

**Mr. Chew Hock Lin** - Member  
*Independent Non-Executive Director*

**Mr. Lai Chang Hun** - Member  
*Independent Non-Executive Director*

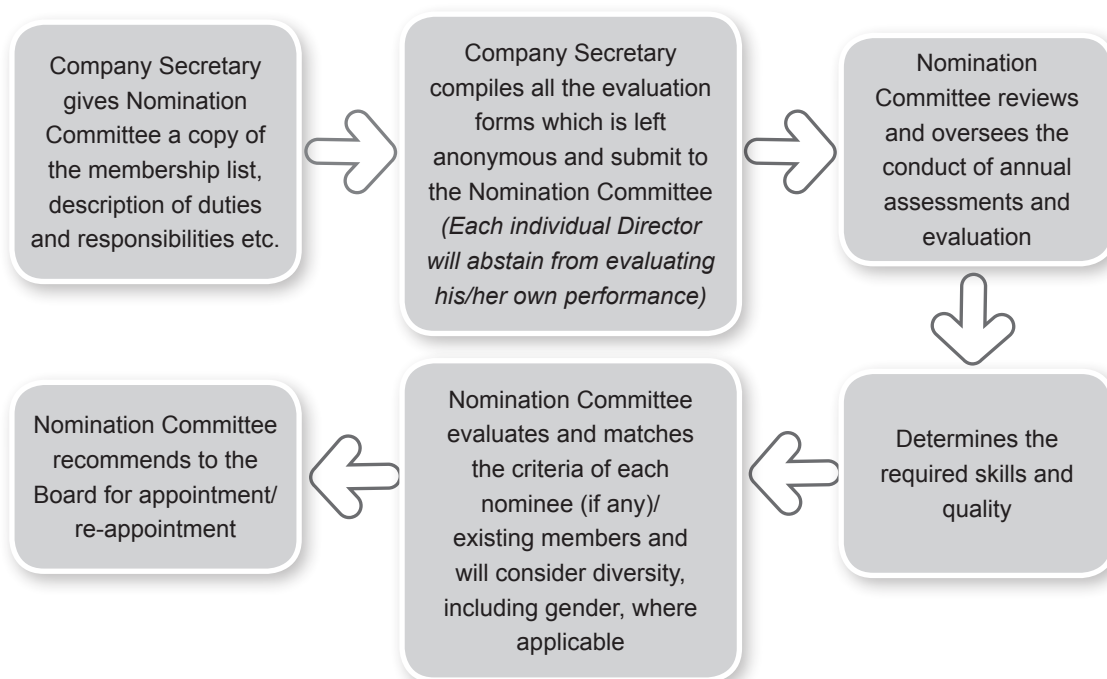
Pursuant to the recommendation of the Code, the Chair of the Nomination Committee should be the senior independent director identified by the Board. The Board is of the view that Dato' Ismail Bin Hamzah has considerable experience via his key position held in his profession in the past and he has been holding the position of director in many other public listed companies and is therefore considered a senior and competent as the Chairman of the Nomination Committee of the Company.

The evaluation on Board effectiveness is carried out annually to ensure Board's efficiency is improved. Board Committee assessment and individual Director's evaluation were also conducted in 2016 through a series of structured questionnaires specially designed for the purpose of performance appraisal. The areas of assessment criteria covered composition, strategy, corporate management reporting, human capital, risk management, investor relations, benchmark on Group's performance and corporate governance.

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The Board through the Nomination Committee implemented a process for assessing the effectiveness and contribution of each individual Director, each Committee as well as the Board as a whole.

The process for the nomination and election of the Non-Executive Director (Both Independent and Non-Independent) is as follows:



The Nomination Committee shall meet at least once a year and additional meetings may be requested as and when necessary.

The attendance records of each member of the Nomination Committee in 2016 are as follows:

Nomination Committee	Nov	Total
Dato' Ismail Bin Hamzah, Chairman	•	1/1
Mr. Chew Hock Lin, Member	•	1/1
Mr. Lai Chang Hun, Member	•	1/1

9. Re-election and Re-appointment of Directors

The Company's re-election process is done in accordance with the Company's Articles of Association. Pursuant to Article 99, all Directors inclusive of Managing Director shall retire from office at least once in every three (3) years but shall be eligible for re-election. All Directors should submit themselves for re-election every three (3) years. This has been consistently practiced.

Newly appointed Director shall hold office only until the next Annual General Meeting and shall be eligible for re-election pursuant to Article 103 of the Company's Articles of Association.

Pursuant to the recommendation of the Code, the Board should undertake an assessment of its Independent Directors annually. The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Four (4) Independent Directors of the Company will be subjected to the shareholders approval for their continuing in office as Independent Non-Executive Directors, based on the Board's justifications as well as their assessment on independence which had been carried out for the financial year ended 31 December 2016.

## CORPORATE GOVERNANCE STATEMENT

During the financial year ended 31 December 2016, the Nomination Committee carried out the following activities:

- Recommended on the re-election of Directors who retire pursuant to Article 99 of the Company's Articles of Association;
- Recommended on the re-appointment of Directors who retire pursuant to Section 129 of the Companies Act, 1965;
- Assessed the level of independence of the Independent Directors;
- Recommended on the retention of Independent Directors who had served the Company for more than nine (9) years based on their contributions over the years of service, insight and knowledge of the Company's business and affairs;
- Reviewed the Board structure, size, necessary skills, qualities and experience;
- Reviewed the assessment and performance of individual Director and effectiveness of the Board Committees.

The Directors standing for re-election, re-appointment and retention at the forthcoming Annual General Meeting of the Company are as follows:

Director	Designation	Relevant Provisions
Dato' Kenneth H'ng Bak Tee	CEO/MD	Re-election under Article 99
Dato' Harry H'ng Bak Seah	Non-Executive Director	Re-election under Article 99
Dato' Ismail Bin Hamzah	Independent Non-Executive Director	Re-election under Article 99
Mr. Chew Hock Lin	Independent Non-Executive Director	Retirement under the Companies Act 1965 and re-appointment
Mr. Lai Chang Hun	Independent Non-Executive Director	Retirement under the Companies Act 1965 and re-appointment
Tan Sri Dato' Seri H'ng Bok San	Executive Chairman	Retirement under the Companies Act 1965 and re-appointment
Dato' Ismail Bin Hamzah	Independent Non-Executive Director	Retention under Recommendation of the Code
Mr. Chew Hock Lin	Independent Non-Executive Director	Retention under Recommendation of the Code
Mr. Lai Chang Hun	Independent Non-Executive Director	Retention under Recommendation of the Code
En. Wan Ismail Bin Wan Nik	Independent Non-Executive Director	Retention under Recommendation of the Code

### 10. Directors' Training

The Board is always mindful of the importance in contributing the professional development of its Directors to ensure that all the Directors are equipped with the necessary skills and knowledge to meet the challenges of the Board. Appropriate training programmes, conferences and seminars which are relevant are identified for each individual Director's continuous development. During the year, the Nomination Committee evaluated and reviewed the training needs of the Directors to enhance their business knowledge in discharging their duties to the Group.

The Company Secretary received regular updates on training programmes from various organizations. These are circulated to the Directors for their consideration to attend. Directors will be informed and updated on key corporate governance developments and salient changes to the Listing Requirements, laws and regulations.

The External Auditors briefed the Audit Committee on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

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The summary of courses and training attended by respective Directors of the Company during the financial year ended 31 December 2016 are set out as follows:

<p><b>Tan Sri Dato' Seri H'ng Bok San</b></p> <ul style="list-style-type: none"> <li>• Amendments to Bursa's Listing Requirements – How to Rise Up to Meet those Challenges</li> </ul>
<p><b>Dato' Kenneth H'ng Bak Tee</b></p> <ul style="list-style-type: none"> <li>• Construction Cost Estimation Skills</li> <li>• Financial Planning as Effective Marketing Tools</li> <li>• Transforming your Client's Energy : Leading your Client's Mental Well Being Through Effective Financial Stress Management</li> <li>• Corporate and Business Presentation Skills</li> <li>• Malaysian Corporate Law &amp; Case Law on Directors' Powers &amp; Shareholders' rights : Get the Balance Right</li> <li>• Handling the Media during a crisis. The Role of Board in Corporate Communication</li> <li>• All about Shares</li> </ul>
<p><b>Dato' Harry H'ng Bak Seah</b></p> <ul style="list-style-type: none"> <li>• Financial Statements Frauds</li> </ul>
<p><b>Datin Jessica H'ng Hsieh Ling</b></p> <ul style="list-style-type: none"> <li>• Financial Statements Frauds</li> </ul>
<p><b>Mr. Chew Hock Lin</b></p> <ul style="list-style-type: none"> <li>• Corporate Governance Statement Reporting Workshop</li> <li>• Latest updates on Directors' Remuneration Seminar 2016</li> <li>• Nominating Committee Programme Part 2 : Effective Board Evaluations</li> <li>• The New Companies Act 2016: Revamp Towards Modernization</li> <li>• Revised Auditor Reporting Standards : a Double edged sword</li> </ul>
<p><b>Dato' Ismail Bin Hamzah</b></p> <ul style="list-style-type: none"> <li>• Board Chairman Series Part 2 : Leadership excellence from the Chair</li> <li>• Corporate Governance Disclosures : What makes good, bad and ugly corporate governance reporting?</li> </ul>
<p><b>Mr. Lai Chang Hun</b></p> <ul style="list-style-type: none"> <li>• Nominating Committee Programme Part 2 : Effective Board Evaluations</li> </ul>
<p><b>En. Wan Ismail Bin Wan Nik</b></p> <ul style="list-style-type: none"> <li>• Role of the Chairman &amp; Independent Directors</li> </ul>
<p><b>Dato' Gan Kong Meng</b></p> <ul style="list-style-type: none"> <li>• Proposed MCCG 2016-Implication to Listed Issuers and Board</li> </ul>

## II. REMUNERATION

### Remuneration Committee

The Remuneration Committee of GUH currently comprises the following Directors, majority of whom are Independent Non-Executive Directors.

**Dato' Ismail Bin Hamzah** - Chairman  
*Independent Non-Executive Director*

**Mr. Chew Hock Lin** - Member  
*Independent Non-Executive Director*

**Dato' Kenneth H'ng Bak Tee** - Member  
*CEO/MD*

#### 1. Directors' Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the caliber needed to direct the Group successfully.

The Remuneration Committee convenes meeting at least once a year and may be requested as and when necessary. The Remuneration Committee is responsible for ensuring that the compensation and other benefits will encourage Executive Directors to act in ways that enhance the Company's long-term



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profitability and value. The Remuneration Committee and the Board are mindful that the remuneration for the Executive Directors should be attractive and fairly compensated to maintain high quality individuals in the Board to run the Group successfully. None of the Executive Directors participates in any way in determining their individual remuneration. In reviewing the remuneration package of the Executive Directors, the Committee shall normally consider the level of responsibilities of its Directors, and is guided by the framework that covers the terms and conditions for the Executive Directors and the Management team. The remuneration package contains both fixed and performance-linked elements and their remunerations are benchmarked against the remuneration of other companies within the same industry. The Executive Directors are paid fixed salaries, allowances, bonuses and other benefits in accordance with the terms and conditions as agreed upon. The terms and conditions are normally reviewed annually to ensure the performance and contributions are justified.

During the financial year ended 31 December 2016, the Remuneration Committee had one meeting to discuss and recommend to the Board for approval the remuneration package of the Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter of the Board as a whole. The Director's fee is proposed to maintain at RM55,000 per Director and it is recommended to the shareholders for approval at the forthcoming Annual General Meeting of the Company. The Company reimbursed expenses incurred by the Directors for attending the Board and Committee meetings. All meeting minutes, including meeting papers that had been deliberated by the Remuneration Committee were reported to the Board by the Chairman of the Remuneration Committee for the Board's consideration and approval.

The attendance records of each member of the Remuneration Committee in 2016 are as follows:

Remuneration Committee	Nov	Total
Dato' Ismail Bin Hamzah, Chairman	•	1/1
Mr. Chew Hock Lin, Member	•	1/1
Dato' Kenneth H'ng Bak Tee, Member	•	1/1

Details of the Directors' remuneration for the financial year ended 31 December 2016 are categorized into appropriate components as follows:

RM'000	Executive Directors	Non-Executive Directors
Salaries & EPF	2,632	-
Fees	148	385
Bonus	1,347	-
Meeting Allowances	-	45
Ex-Gratia Benefits Receivable	638	-
Benefits In-Kind	15	-
<b>Total</b>	<b>4,780</b>	<b>430</b>

The number of Directors whose remuneration are analyzed into bands of RM50,000 is as follows:

	Executive Directors	Non-Executive Directors
RM50,000 – RM100,000	-	7
RM1,650,001 – RM1,700,000	1	-
RM3,050,001 – RM3,100,000	1	-
<b>Total</b>	<b>2</b>	<b>7</b>

### III. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

#### 1. Relationship with Shareholders/Investors

The Company values dialogues with shareholders and investors. In order to ensure that shareholders and investors are well informed of the Group's business operations and financial performance and corporate developments are accurate and factual, timely and informative, information is disseminated via the Company's annual reports, circulars, various announcements and press releases made from time to time.

## CORPORATE GOVERNANCE STATEMENT

The shareholders and investors are also encouraged to visit the Group's website at [www.guh.com.my](http://www.guh.com.my) for information and may also raise any queries through the website. They may also obtain the Group's latest information via the website of Bursa Malaysia Securities Berhad at [www.bursamalaysia.com](http://www.bursamalaysia.com).

General meeting serves as a principal forum for dialogue with shareholders and is conducted annually for the shareholders' participation, both individual and institutional to discuss, consider and if thought fit, to pass the resolutions of the Company. The Company's Annual General Meeting, scheduled in May of each year, is the primary platform for communications with the shareholders. The Company acknowledges the importance of strengthening corporate governance practices by proposing resolutions to be voted by poll. Polling processes will be explained during the general meeting and poll results are verified by appointed scrutinizers. The shareholders are at liberty to raise questions while the Directors will provide answers and clarifications during the Company's Annual General Meeting. All Directors normally attend the Annual General Meeting unless unforeseen circumstances or any pressing commitment prevent them. Notice of Annual General Meeting and related circular and statement to shareholders are normally sent out at least 21 days before the meeting in order to facilitate full understanding of the issues involved. Special business items as set out in the Notice of Annual General Meeting also give full explanation on the effect of the proposed resolution arising from such items. The outcome of the Annual General Meeting is announced to Bursa Malaysia Securities Berhad on the same meeting day.

The Management of the Company also had conferences and meetings with the research analysts and fund managers to provide updates on the latest developments within the Group and to give the best information possible so that they can accurately apply it to evaluate the Company.

### 2. Ensure timely disclosure

The Board is aware of the need to establish a disclosure policy that will provide constructive communication to the shareholders and investors at a promptly manner in order for these stakeholders to be able to make informed investment decisions.

The Board approved and released the quarterly financial results (including full year results) for the financial year ended 31 December 2016 on the following dates:

2016 Quarterly Results	Date of Release	Listing Requirements Deadline
1st Quarter	24 May 2016	31 May 2016
2nd Quarter	22 August 2016	31 August 2016
3rd Quarter	21 November 2016	30 November 2016
4th Quarter	27 February 2017	28 February 2017

## IV. ACCOUNTABILITY AND AUDIT

### 1. Financial Reporting

The Board in discharging its fiduciary duties is accountable to shareholders in ensuring the annual financial statements are prepared and presented in clear and meaningful assessment of the Group's financial performance and prospects.

The Board also embraces the philosophy of transparency, accuracy and timeliness in providing the financial statements to the shareholders. In this respect, the Audit Committee assists the Board to ensure accuracy, adequacy and completeness of the financial statements of the Group.

### 2. Directors' Responsibility Statement

The Directors are responsible for ensuring that the Group keeps accounting records which disclosed, with reasonable accuracy, the financial position of the Group and the Company in compliance with the Companies Act, 1965.

In preparing the financial statements for the financial year ended 31 December 2016, the Directors have provided assurance that the financial statements prepared gives a true and fair view of the state of affairs of the Group and the Company in a transparent manner.

## CORPORATE GOVERNANCE STATEMENT

The financial statements of the Group have been prepared on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Directors' Report for the audited financial statements of the Company and the Group are set out on pages 52 to 56 of this Annual Report 2016.

### 3. Risk Management and Internal Control

The Board acknowledges the responsibilities for maintaining a sound system of internal control to safeguard the shareholders' investment and the Group's assets. The internal control system is designed to provide reasonable assurance against material misstatement and losses. The Board reviewed the effectiveness of the system of internal controls through the Audit Committee which had supervised the work of the Internal Audit Function of the Group and the comments made by the Company's External Auditors.

The Statement on Risk Management and Internal Control which provides an overview of the risk management framework and the state of internal control within the Group is disclosed on pages 44 to 46.

### 4. Internal Audit Function

The Group's internal audit function is performed in-house by the Group Internal Audit Department which is independent from the operations and activities of the Group in order to maintain impartiality. Internal Audit Department reports directly to the Audit Committee. The internal audits involve the review of operational controls, adequacy of risk management, management efficiency, and compliance with the Group policies, procedures, laws and regulations, among others. In addition, areas such as efficient use of resources, safeguarding assets, response to assertions of fraud and reliability and integrity of financial information are also audited.

Thus, the Internal Audit has added value by improving the Group's operations through provision of consulting services and independent and objective evaluation of the control processes in the Group.

Details of the Group's Internal Audit Function and responsibilities are set out in the statement of Internal Audit Function of the Audit Committee Report on pages 47 to 50.

### 5. Relationship with External Auditors

The Audit Committee has been delegated with responsibilities on behalf of the Board, to meet with the Group's External Auditors, Messrs. Crowe Horwath to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. The Board also maintains cordial and formal relationship with the External Auditors. During the financial year, the External Auditors were invited to attend three (3) meetings with the Audit Committee. The Board and the Management have not and will not interfere the meeting made between the Audit Committee and the External Auditors to ensure free liaison and unrestricted communication.

During the financial year, the Audit Committee had undertaken an assessment on the suitability and independence of External Auditors. The criteria for the assessment include among others, quality of services, sufficiency of resources, communication, independence and interaction. In addition, the External Auditors have given assurance to the Audit Committee confirming their independence. Audit Committee is satisfied with the result of the assessment on the External Auditors and hence recommended to the Board for the re-appointment of Messrs. Crowe Horwath for shareholders approval at the forthcoming 53rd Annual General Meeting.

## V. COMPLIANCE INFORMATION AS AT 31 DECEMBER 2016

### 1. Non-Audit Fees

In general, the Group engages the External Auditors for audit purposes only. Nevertheless, as and when necessary, the Group also engages the External Auditors for their non-audit expertise to carry out non-audit services and activities.

The amount of non-audit fees incurred for services such as tax compliance, GST and other tax advisory rendered to the Group by the External Auditors and their affiliated companies for the financial year ended 31 December 2016 amounted to RM56,702.

## CORPORATE GOVERNANCE STATEMENT

### 2. Related Party Transactions

The Group has an internal compliance framework in connection with related party transactions, to ensure it meets the obligations under the Listing Requirements. The Board, through its Audit Committee, reviews all related party transactions involved. Any Director who has an interest in the related party transaction(s) must abstain from deliberations and voting on the relevant resolutions at the Board meeting and any general meeting convened to consider the matter.

There are procedures established by the Group to ensure that all related party transactions are undertaken on an arm's length basis and on normal commercial terms, consistent with the company's usual business practices and policies, which are generally not more favorable than those generally available to the public and are not detrimental to the minority shareholders.

Significant related party transactions of the Group for the financial year are disclosed in Note 29 of the Financial Statements and the Additional Disclosure on page 43.

For all other transactions with any related parties which do not fall within the ambit of the above disclosure, will be subject to other applicable provisions of the Listing Requirements and/or any other applicable law.

### 3. Material Contract

For the financial year ended 31 December 2016, the Group completed the following transactions:

- (i) Acquisition of two (2) contiguous pieces of freehold vacant land held under Lot 1377 and Lot 1699, Mukim 12 at Tempat Ladang Valdor, Seberang Perai Selatan, Penang, measuring approximately 12.06 acres, one from a related party and another one from a third party by GUH Realty Sdn. Bhd., a wholly-owned subsidiary of the Company. The acquisition was completed on 1 March 2016.
- (ii) Subscription of 1,166,667 new ordinary shares of RM1.00 each (25% equity interest) in Straits International Education Group Sdn. Bhd. for a total cash consideration of RM11.0 million; and acquired 2 ordinary shares of RM1.00 each (100% equity interest) in Milan Diamond Sdn. Bhd. for a cash consideration of RM2.00 and the settlement of liabilities of approximately RM6.77 million, of which RM3.5 million has been settled in year 2016.

With effect from 30 March 2016, Straits International Education Group Sdn. Bhd. has become an associate of GUH Capital Sdn. Bhd., which is a wholly-owned subsidiary of GUH whereas Milan Diamond Sdn. Bhd. has become a wholly-owned subsidiary of GUH Asset Holdings Sdn. Bhd., which in turn a wholly-owned subsidiary of GUH.

### 4. Additional Information

Save as aforesaid disclosed, none of the following transactions have been entered by the Company during the financial year ended 31 December 2016:

- Issuance of any Options, Warrants or Convertible Securities;
- Sponsorship of any American Depository Receipt or Global Depository Receipt programmes;
- Sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies; and
- Profit guarantee given by the Company.

As there is no 'one size fits all' approach to corporate governance while maintaining the best approach to adopting the principles, the Board will use its best endeavors to maintain the compliance of the relevant principles and recommendations as set out in the Code and to promote high standards of corporate governance. For any non-compliance of certain recommendations of the Code, the Board shall continue to uphold the spirit of the highest possible standards to maintain and apply to the principles and recommendations in the near future.

ADDITIONAL DISCLOSURE

**RECURRENT RELATED PARTY TRANSACTIONS  
OF A REVENUE OR TRADING NATURE**

At the 52nd Annual General Meeting held on 24 May 2016, the Company obtained its shareholders' mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as disclosed in the Circular to Shareholders dated 29 April 2016.

In accordance with Section 3.1.5 of the Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions transacted during the financial year ended 31 December 2016 pursuant to shareholders' mandate are disclosed as follows:

Transacting Party of the Group	Transacting Party	Nature of Relationship	Nature of Transactions	Actual Value Transacted from 24 May 2016 to 31 December 2016
GUH Circuit Industry (PG) Sdn. Bhd. (Recipient & Provider)	Kiyamas Chemical Sdn. Bhd. ["KCSB"] (Provider & Recipient)	Lizheng Holdings Sdn. Bhd. has a direct shareholding of approximately 28.3% in (*)Kiyamas Holdings Sdn. Bhd. ("Kiyamas")  Gan Chern Nee has a direct shareholding of approximately 8.3% in Kiyamas  H'ng Chun Li is a Director of Kiyamas and KCSB	Transactions of raw materials, goods and services	<b>RM5,014,591.08</b> (Approved Limit: RM8,000,000.00)
GUH Circuit Industry (PG) Sdn. Bhd. (Recipient)	Kyosha Precision Engineering Sdn. Bhd. ["Kyosha"] (Provider)	H'ng Chun Li is a Director of Kyosha	Provision of precision engineering and fabrication of parts	<b>RM416,438.80</b> (Approved Limit: RM1,000,000.00)

Notes:

(\*) Kiyamas Holdings Sdn. Bhd. is the Holding Company of Kiyamas Chemical Sdn. Bhd.

- (1) Dato' Kenneth H'ng Bak Tee, the CEO/MD of the Group, is also a director and shareholder of Lizheng Holdings Sdn. Bhd. and the father of H'ng Chun Li
- (2) Dato' Harry H'ng Bak Seah, the Non-Executive Director and a shareholder of GUH, is the spouse of Gan Chern Nee.
- (3) Tan Sri Dato' Seri H'ng Bok San, the Executive Chairman and the major shareholder of GUH, is the brother of Dato' Harry H'ng Bak Seah and Dato' Kenneth H'ng Bak Tee.
- (4) Datin Jessica H'ng Hsieh Ling, the Non-Executive Director and the major shareholder of GUH, is the daughter of Tan Sri Dato' Seri H'ng Bok San and the niece of Dato' Harry H'ng Bak Seah and Dato' Kenneth H'ng Bak Tee.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Introduction

The Board is committed to uphold throughout the Group a sound system of risk management and internal controls and good corporate governance practices as set out in the Statement on Risk Management and Internal Control, prepared in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

### Board's Responsibility

The Board is responsible for the Group's risk management and internal controls which include the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness to safeguard shareholders' investments and the Group's assets in accordance with Principle 6 of the Malaysian Code of Corporate Governance 2012.

The Audit Committee and Risk Management Committee assist the board to review the adequacy and effectiveness of the Group's risk management and internal control system and to ensure that measures are carried out by Management to obtain the level of assurance required by the Board.

The risk management and internal control system is designed to manage any inadequacies that are known, rather than to totally eliminate the risk of failure to achieve the Group's business and corporate objectives. Accordingly, such systems can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud.

### Risk Management and Internal Control

In accordance with Recommendation 6.1 of the Malaysian Code on Corporate Governance 2012, the Board has, through its Risk Management Committee, established a sound risk management and control framework that was implemented throughout the Group.

The Group has an in-house structured risk management framework for an on-going process in identifying, evaluating, monitoring and reporting the significant risks faced by the Group to ensure its system of internal control is carried out efficiently except for associates. Such process is regularly reviewed and examined as and when there are significant new issues which require changes to be made to the current system and policies.

The Risk Management Committee comprising one (1) Non-Independent and two (2) Independent Directors of whom are all Non-Executive and supported by Senior Management from the Group's business divisions, meetings are convened for the purpose of identifying, evaluating and managing the significant risks.

Risks records, which identify key risks, potential financial impact, the likelihood of those risks occurring, as well as the control strategies to manage those risks associated with the Group's activities are presented to the Risk Management Committee for review. The Risk Management Committee reviews and deliberates the performance of the business Divisions of the Group and reports to the Board. This risk management process will help GUH to achieve its performance and profitability targets by providing risk information to enable better decision-making. The Board will have ultimate responsibility for managing risks and internal controls associated with the operations of each Division.

The Board is committed to articulate, implement and review the Group's internal control system. The internal control system is designed to facilitate achievement of the Group's business objectives and to assist the Board to maintain a proper control environment. Internal controls also promote efficiency, reduce risk of asset loss, and help to ensure the reliability of financial statements which are in compliance with laws and regulations.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Review of Risk Management and Internal Control System

Reviewing the effectiveness of risk management and internal control through on-going assessments is an essential part of the Board's responsibilities.

The Group has an on-going process for identifying, evaluating and managing the significant risks faced by the company in its achievement of objectives and strategies. On a quarterly basis, the Board receives management reports from Senior Management in respect of business risks that have impacted or likely to impact the company and its achievement of its objectives and strategies and actions taken in response to the risks reported. The Risk Management Committee also meets with the Divisional heads once a year for an annual assessment of any significant aspects of risks and internal control matters.

The Board reviews the risk management and internal control system to identify, evaluate and manage the significant risks faced by the Group in its achievement of objectives and strategies and confirms the necessary actions to be carried out to remedy any significant weaknesses identified from the review.

The Group has an in-house Internal Audit Function, which is independent of the activities or operations of the subsidiaries, departments, and sections it audits. Its principal responsibility is to undertake regular and systematic reviews of the risk management and system of internal control in order to provide reasonable assurance that such system operates satisfactorily and effectively and to report directly to the Audit Committee.

The Internal Audit Function adopts a risk-based approach in preparation of its yearly internal audit plan and strategy which is reviewed and approved by the Audit Committee.

Internal Audit will review on the adequacy and effectiveness of the risk management, internal control system and report its findings on major weaknesses and risk control procedures, makes recommendations for improvements and follow up audits are conducted to assess the status of implementation thereof by Management.

Internal Audit also investigates complaints of misuse and abuse of the Group's systems and processes, mismanagement of the Group's assets and other instances of fraud and malpractice, if any.

A whistleblowing policy has been established in financial year 2016 to provide appropriate channels that facilitate whistleblowing in a transparent and confidential manner for stakeholders to raise concerns, without fear of retaliation on any wrongdoing that they may observe in the Group.

### Key Features of Risk Management and Internal Control Processes

The Group's key features on Risk Management and Internal Control are summarized as follows: -

1. Clear definition of the terms of reference, functions, authorities and responsibilities of the various Committees of the Board.
2. Well defined organizational structure with clear lines of accountability and responsibility to enable the Group's vision, mission, strategies and operational objectives to be achieved.
3. Documented internal policies and procedures are set out in the Group Policies to govern the financial and operational functions; which are subject to regular review and improvement.
4. Where appropriate, certain subsidiaries have ISO 9001: 2008, ISO 14001: 2004 and TS 16949: 2009 accreditations for their operational processes.
5. Clear definitions of authorization procedures and delegated authority levels for all operational transactions.
6. Review of all major proposals for investment and divestment by the Risk Management Committee before being deliberated and approved by the Board.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

7. The CEO/ Group Managing Director holds monthly management meetings with the Divisional heads. At these meetings all key performance indices are discussed and monitored; including discussions of significant issues. Accordingly, the Board is updated by the CEO/ Group Managing Director and is able to assess significant operational and financial risks of the business units concerned.
8. Performance Reports, benchmarked against budgets and objectives are provided to the Board at each Board meeting.
9. Detailed budgeting process where companies under the Group prepare annual budgets, which are approved at Company level and reviewed by the CEO/ Group Managing Director.
10. Progress reports, financial summary and current issues which may significantly affect the company's business for all divisions are discussed at each Board meeting.
11. The Risk Management framework of the Group is in place to assist in the risk management process of the Group.
12. The Group's Internal Audit Function performs regular reviews, monitor compliance with policies and procedures and recommend action plans to improve on areas where control deficiencies are identified during the field audits. Thus, providing an independent assurance on the adequacy and effectiveness of the Group's system of internal control.
13. The Audit Committee, on behalf of the Board, reviews report from the Group Internal Auditor and External Auditors and reports its conclusion to the Board.

The associates have not been dealt with as part of the Group for the purpose of this Statement.

### Conclusion

For the financial year under review and up to the date of issuance of this statement, the Board is pleased to state that the Group's system of risk management and internal control is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, as well as the Group's assets. There have been no material losses, contingencies or uncertainties arising from the reviews.

As recommended by the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, the Board has received assurance from the CEO/ Managing Director, Deputy General Manager – Accounts, Finance and Tax and the Divisional heads that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, during the financial year under review and up to the date of this Statement.

The Group will continue to monitor all major risks affecting the Group and will take the necessary measures to mitigate them and enhance the adequacy and effectiveness of the risk management and internal control system of the Group.

The external auditors have reviewed this Statement on Risk Management and Internal Control as required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. Based on their review, nothing has come to their attention that causes them to believe that this Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed issuers to be set out, nor is factually inaccurate.



## AUDIT COMMITTEE REPORT

The Audit Committee of GUH Holdings Berhad (“GUH” or “the Company”) has been established to assist the Board of Directors (“the Board”) in fulfilling its statutory and fiduciary responsibilities by reviewing the Company and all its subsidiaries (“the Group”) business processes and monitoring management of financial risk process along with its accounting and financial reporting practices and ensuring the Group’s system of internal control is maintained. The Audit Committee carried out its duties and functions ensuring the integrity of financial reporting and that the financial statements of the Group and the Company give a true and fair view of the financial position and results, in compliance with all applicable legal and regulatory financial reporting requirements, accounting standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) to ensure the interest of shareholders is protected. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen in the financial year ended 31 December 2016.

### MEMBERS

The present members of the Audit Committee are:

**Mr. Chew Hock Lin** - Chairman  
*Independent Non-Executive Director*

**Dato’ Ismail Bin Hamzah** - Member  
*Independent Non-Executive Director*

**Datin Jessica H’ng Hsieh Ling** - Member  
*Non-Executive Director*

### OBJECTIVES

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities:

- to review the results of internal and external audit activities to ensure the audit findings are brought up to the highest level for consideration;
- to comply with all the applicable accounting standards and required disclosure policies of the Listing Requirements;
- to ensure the compliance and consistency of the corporate governance framework as set out by the relevant regulatory authorities.

### COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises three (3) members; all are Non-Executive Directors with a majority of whom are Independent. The Chairman of the Audit Committee, Mr. Chew Hock Lin who is also the Senior Independent Non-Executive Director of the Company is a member of the Institute of Chartered Accountants of Australia and New Zealand, the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). The other members of the Audit Committee are Dato’ Ismail Bin Hamzah, an Independent Non-Executive Director and Datin Jessica H’ng Hsieh Ling, a Non-Executive Director of the Company. All members of the Audit Committee are financially literate and equipped with the required business skills in discharge their duties as Audit Committee members.

On 21 November 2016, the Nomination Committee reported to the Board on the performance of the Audit Committee based on the evaluation carried out and the Board is satisfied that the Audit Committee has efficiently discharged its duties in accordance with the terms of reference.

During the assessment, the Nomination Committee evaluated the performance and effectiveness of the Audit Committee based on a few areas, namely the quality of enquiry/objectivity/independence, the quality of judgment and the commitment/time attend at the meeting as well as the time devoted outside the meeting by the Audit Committee members.

## AUDIT COMMITTEE REPORT

### THE PROCESS OF THE AUDIT COMMITTEE

The Chairman of the Audit Committee is responsible for ensuring the Audit Committee meetings of the Company run efficiently. He is also responsible for the management, the development and effective performance of the Audit Committee; planning and organizing all of the activities of the Audit Committee.

The Audit Committee will meet as frequently as the Chairman shall decide in order to discharge its duties but no less than four (4) times a year. A quorum consists of two (2) members present and a majority of whom must be Independent Directors have always been met for the meetings of the Audit Committee.

During the financial year, the Audit Committee met on a quarterly basis to carry out their duties which include the discussion of the proposed disclosures in the quarterly announcement and matters falling within the Audit Committee's terms of reference and recommended to the Board for public release. Audit Committee also met and held a meeting to discuss the annual report before recommending to the Board for circulating to Bursa Malaysia Securities Berhad and all the shareholders. The CEO/MD, the Senior Management and the Senior Manager of the Internal Audit Department have attended the meetings. Upon invitation by the Audit Committee, representatives of the External Auditors have attended three (3) meetings held in February, April and November 2016. The External Auditors may request a special meeting if they deemed necessary. Where circumstances arise, the Audit Committee members shall meet with the External Auditors without any Management and/or executive officer of the Group being present.

The Company Secretary shall be the secretary of the Audit Committee or in his/her absence, another person authorized by the Chairman of the Audit Committee. The secretary shall be responsible for drawing up and circulating the agenda and notice of meetings together with the supporting explanatory documentation to each Audit Committee members prior to meeting. The secretary shall also be responsible to record, maintain and circulate the minutes of each meeting to all members and the Board, and the Chairman of the Audit Committee shall report on key issues discussed at each meeting to the Board.

During the financial year, five (5) meetings were held and details of the Audit Committee members' attendance are tabled below:

Audit Committee	Feb	Apr	May	Aug	Nov	Total
Mr. Chew Hock Lin, Chairman	•	•	•	•	•	5/5
Dato' Ismail Bin Hamzah, Member	•	•	•	•	•	5/5
Datin Jessica H'ng Hsieh Ling, Member	•	x	x	•	•	3/5

### SUMMARY OF WORK DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

#### 1. Financial Reporting

- Reviewed the unaudited quarterly financial results and year-end financial statements of the Group and the Company which include among others discussion, any change of implementation of major accounting policies; the going concern assumption and significant matters;
- Reviewed the Group's quarterly and year-end financial statements and ensured that all are in compliance with the Listing Requirements, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements;
- Reviewed the unaudited financial results announcements before recommending the same to the Board for approval.

#### 2. External Audit

- Reviewed and approved the External Auditors audit plan and scope of work for the year and their evaluation of the system of internal control for tabling to the Board;
- Reviewed the findings of the External Auditors reports, particularly the issues raised in the management letter and ensured where appropriate, that the necessary corrective actions had been taken by the Management;
- Deliberated and reported the results of the annual audit to the Board;
- Met and discussed with the External Auditors if any important and major issue need to be highlighted

AUDIT COMMITTEE REPORT

without the presence of Management of the Company. During the private session held with the External Auditors, they confirmed that there was no major concern to be highlighted and they had been receiving full co-operation from the Management and the staff of the Group when carrying out their audit work;

- Reviewed and approved the provision of non-audit services carried out by the External Auditors. The amount of external audit fees and non-audit fees incurred for the financial year ended 31 December 2016 are as follows:

2016 Fees incurred	Company	Group
Audit services	RM38,000	RM178,000
Non-Audit services	RM12,600	RM56,702

The non-audit services rendered included tax compliance, GST and other tax advisory.

- Carried out the assessment on the objectivity, independence, performance and the quality of service of the External Auditors to ensure they are competent and independent throughout the conduct of the audit engagement within the Group and to ensure the External Auditors met the criteria provided by the Listing Requirements.

In considering their suitability and independence, the Audit Committee assessed the adequacy of their experience and resources, their audit engagements, the experience of their engagement partners and also the supervisory staff assigned to the Group.

The current External Auditors of the Company is Messrs. Crowe Horwath. The MIA regulated that mandatory rotation of the key audit partner for the audit of listed companies after a period of not more than five (5) years. The Audit Committee ensures that audit partner will rotate every five (5) years after the closure of statutory audit.

Following the review by the Audit Committee on the External Auditors' effectiveness and independence, recommendation was made to the Board by the Audit Committee to re-appoint the External Auditors. Accordingly, the Board approved the re-appointment of Messrs. Crowe Horwath as the External Auditors of the Company and their proposed audit fees. A resolution for the re-appointment will be tabled for the shareholders' approval at the forthcoming Annual General Meeting.

**3. Internal Audit**

- Reviewed and approved the annual risk-based internal audit plans, monitored the effectiveness of its work and tabled to the Board;
- Reviewed the internal audit reports, processes and results of internal audit to ensure appropriate actions were taken on the recommendations of the Internal Audit function and tabled to the Board;
- Assessed the performance of the Group's Internal Audit function and advised whether the appointment of additional internal audit staff is necessary;
- Monitored and assessed the role and effectiveness of the Internal Audit function in the overall context of the Company's risk management system.
- Deliberated the results of ad-hoc investigations and reports by the Internal Audit function and tabled to the Board;

**4. Risk Management**

- Reviewed the Risk Management Committee's reports and risk records from all business divisions of the Group and reported to the Board;
- Assessed the adequacy and effectiveness of the risk management framework, internal control systems and the appropriateness of Management's responses to key risk areas and highlighted to the Board;
- Reviewed and recommended to the Board the disclosure included in the Annual Report with regard to the risk management and internal control system.

## AUDIT COMMITTEE REPORT

### 5. Related Party Transactions

- Reviewed the procedures and processes established by the Company with regards to related party transactions/recurrent related party transactions and to ensure that any related projects are appropriately identified and that the related party transactions are declared, approved and reported appropriately on a quarterly basis;
- Reviewed the related party transactions that arising within the Group to ensure that the transactions are fair, reasonable and not detrimental to the minority shareholders;
- Reviewed the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature and recommended to the Board for approval;
- Reviewed submission of disclosures on the changes in shareholdings held by Directors, any conflict of interest situation that may arise within the Company or the Group on a quarterly basis;
- Reviewed any other transactions that do not fall within the definition of a related party transaction as stated in Chapter 10 of the Listing Requirements but involve a certain level of conflict of interest due to the close proximity of the transacting parties so that to safeguard the best interest of the Company.

### 6. Annual Reporting

- Reviewed the consolidated audited financial statements of the Company and the Group and confirmed with the Management and the External Auditors that the statements have been prepared in compliance with applicable Financial Reporting Standards and recommended to the Board for approval;
- Reviewed the Audit Committee Report, reports on related party transactions and recurrent related party transactions, Corporate Governance Statement, Statement on Risk Management and Internal Control, Sustainability Report, record on Share Buy-Back and other statements of the Annual Report and recommended to the Board for approval.

### INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit Department that is independent of the activities and operations it audits. The head of Internal Audit reports directly to the Audit Committee who reviews and approves the Internal Audit Department's annual risk-based audit plan.

The Internal Audit Department is considered an integral part of the assurance framework and its primary mission is to provide assurance on the adequacy and effectiveness of the risk, control and governance of the Company.

During the year, various internal audit assignments have been undertaken covering various areas, departments and subsidiaries within the Group. Internal audit reports incorporating audit recommendations and Management responses were presented to the Audit Committee for deliberations and forwarded to Management to carry out necessary preventive and corrective actions.

### SUMMARY OF ACTIVITIES UNDERTAKEN BY THE INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR

- Prepared annual risk-based audit plan for Audit Committee's deliberations;
- Performed risk assessment to evaluate risk within the organization for audit planning purposes;
- Implemented the annual audit plan, performed financial, operational and compliance audits on various areas and companies in the Group to ascertain the adequacy and integrity of their system of internal controls;
- Reviewed quarterly related party transactions to assess compliance with Listing Requirements;
- Carried out ad-hoc appraisals and reviews as requested by the Audit Committee or Management;
- Performed follow up reviews to ensure that agreed Management actions have been effectively implemented;
- Provided consulting services, i.e. provide advice and assistance to Management and staff on procedures, systems, internal control matters etc. throughout the year to assist Management in meeting its objectives.

The total costs incurred by the Internal Audit Function of the Group for 2016 is RM 330,400 (2015: RM304,334).

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## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2016. All values shown in this report are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year.

### RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:-		
- Owners of the Company	18,878	11,971
- Non-controlling interests	(4)	0
	<u>18,874</u>	<u>11,971</u>

### DIVIDENDS

During the financial year, the Company declared and paid an interim single tier dividend of 3.5 sen per share amounting to RM9,236,000 in respect of the financial year ended 31 December 2016.

The directors do not propose any final dividend in respect of the financial year ended 31 December 2016.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year apart from those disclosed in the financial statements.

### ISSUE OF SHARES OR DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

## DIRECTORS' REPORT

### PURCHASE OF OWN SHARES

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 19 May 2010, approved the Company's plan to purchase its own shares. The directors are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders.

The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:-

	2016		2015	
	No. of Shares '000	Cost RM'000	No. of Shares '000	Cost RM'000
At 1 January	14,035	18,038	13,795	17,778
Shares purchased	60	51	240	260
At 31 December	<u>14,095</u>	<u>18,089</u>	<u>14,035</u>	<u>18,038</u>
Average unit cost for the year (RM)		<u>0.850</u>		<u>1.083</u>

The mandate given by the shareholders at the Annual General Meeting held on 24 May 2016 will expire at the forthcoming Annual General Meeting at which a resolution will be tabled for shareholders to grant a fresh mandate for another year.

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance made for doubtful debts inadequate to any substantial extent.

### CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount that they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

## DIRECTORS' REPORT

### VALUATION METHODS

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

### CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

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 financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations as and when they fall due.

### CHANGE OF CIRCUMSTANCES

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

### ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which, in the opinion of the directors, will affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.



## DIRECTORS' REPORT

### DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are:-

Tan Sri Dato' Seri H'ng Bok San, JP, PSM, DPPN, DGPN, DSPN, PKT, PJK  
 Dato' Kenneth H'ng Bak Tee, DPNS, DSPN, PKT, PJM  
 Dato' Harry H'ng Bak Seah, DSPN, PJK  
 Datin Jessica H'ng Hsieh Ling  
 Chew Hock Lin  
 Dato' Ismail Bin Hamzah, AMN, KMN, DIMP  
 Lai Chang Hun, DJN, PKT  
 Wan Ismail Bin Wan Nik  
 Dato' Gan Kong Meng, DSDK, PSPP, SDK, DJN, BCN, SMP, AMK, KMN, PPA

Particulars of the interests in shares in the Company of the directors in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

Name of Director	Number of Ordinary Shares of RM1.00 each			At 31.12.2016
	At 1.1.2016	Bought	(Sold)	
Tan Sri Dato' Seri H'ng Bok San				
- Indirect <sup>(a)</sup>	30,802,825	0	0	30,802,825
- Indirect <sup>(b)</sup>	18,364,500	0	0	18,364,500
Dato' Kenneth H'ng Bak Tee				
- Direct	0	173,900	0	173,900
- Indirect <sup>(b)</sup>	2,066,550	0	0	2,066,550
Dato' Harry H'ng Bak Seah				
- Direct	2,561,928	0	0	2,561,928
Datin Jessica H'ng Hsieh Ling				
- Direct	2,263,500	0	0	2,263,500
- Indirect <sup>(c)</sup>	30,802,825	0	0	30,802,825
Lai Chang Hun				
- Direct	2,737,932	0	0	2,737,932
- Indirect <sup>(b)</sup>	112,536	0	0	112,536
- Indirect <sup>(c)</sup>	3,464,344	0	0	3,464,344
Wan Ismail Bin Wan Nik				
- Direct	3,699,950	0	0	3,699,950

<sup>(a)</sup> Deemed interest by virtue of shares held by company controlled by family members

<sup>(b)</sup> Deemed interest by virtue of shares held by family members (who are not directors of the Company)

<sup>(c)</sup> Deemed interest by virtue of shares held by company in which the director has interest

## DIRECTORS' REPORT

### DIRECTORS OF THE COMPANY (cont'd)

By virtue of his interests in shares in the Company, Tan Sri Dato' Seri H'ng Bok San is also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act 1965.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed in 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 except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is 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.

### AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

### SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 7 APRIL 2017

**Tan Sri Dato' Seri H'ng Bok San, JP**  
PSM, DPPN, DGPN, DSPN, PKT, PJK

**Dato' Kenneth H'ng Bak Tee**  
DPNS, DSPN, PKT, PJM

## STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 63 to 127 give a true and fair view of the financial position of the Group and the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

In the opinion of the directors, the supplementary information set out on page 128 is prepared, in all material respects, in accordance with Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

### **SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 7 APRIL 2017**

**Tan Sri Dato' Seri H'ng Bok San, JP**  
PSM, DPPN, DGPN, DSPN, PKT, PJK

**Dato' Kenneth H'ng Bak Tee**  
DPNS, DSPN, PKT, PJM

## STATUTORY DECLARATION

I, Yeoh Saw Gaik, being the officer primarily responsible for the financial management of GUH Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 63 to 127 are to the best of my knowledge and belief, 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 Yeoh Saw Gaik  
at Georgetown in the State of Penang on this  
7 April 2017

**Yeoh Saw Gaik**

Before me  
**Mok Cheng Yoon, PJK**  
No: P140  
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**GUH HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No: 4104-W

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of GUH Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and 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 63 to 127.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2016, and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 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 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 the Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Impairment of goodwill (Refer to Notes 3 and 6 to the financial statements)</u></p> <p>The Group carries significant goodwill as disclosed in Note 6 to the financial statements. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> <li>• Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances.</li> <li>• Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method.</li> <li>• Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.</li> <li>• Performing stress tests and sensitivity analyses to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.</li> </ul>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**GUH HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No: 4104-W

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Impairment of investment in associate (Refer to Notes 3 and 8 to the financial statements)</u></p> <p>The carrying amount of the Group's investment in an associate, Straits International Education Group Sdn. Bhd., and its subsidiaries includes significant goodwill as disclosed in Note 8 to the financial statements. As the carrying amount of the investment exceeds the Group's share of the associate's net assets, there is an indication of impairment. Accordingly, the Group performed impairment test which involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> <li>• Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances.</li> <li>• Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method.</li> <li>• Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.</li> <li>• Performing stress tests and sensitivity analyses to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.</li> </ul>
<p><u>Allowance for inventories (Refer to Notes 3 and 14 to the financial statements)</u></p> <p>The Group carries significant inventories as disclosed in Note 14 to the financial statements. The assessment of inventory write-downs due to excess quantities, obsolescence and decline in net realisable value below cost involved judgements and estimation uncertainty in forming expectations about future sales and demands.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of:- <ul style="list-style-type: none"> <li>• the Group's inventory management process;</li> <li>• how the Group identifies and assesses inventory write-downs; and</li> <li>• how the Group makes the accounting estimates for inventory write-downs.</li> </ul> </li> <li>• Reviewing the ageing analysis of inventories and testing the reliability thereof.</li> <li>• Examining the perpetual records for inventory movements and to identify slow moving aged items.</li> <li>• Making inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories.</li> <li>• Reviewing the net realisable value of major inventories.</li> <li>• Evaluating the reasonableness and adequacy of the allowance for inventories recognised for identified exposures.</li> </ul>
<p><u>Impairment of loans and receivables (Refer to Notes 3 and 15 to the financial statements)</u></p> <p>The Group carries significant receivables as disclosed in Note 15 to the financial statements and is subject to major credit risk exposures. The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current economic trends, customer payment terms, etc.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of:- <ul style="list-style-type: none"> <li>• the Group's control over the receivable collection process;</li> <li>• how the Group identifies and assesses the impairment of receivables; and</li> <li>• how the Group makes the accounting estimates for impairment.</li> </ul> </li> <li>• Reviewing the ageing analysis of receivables and testing the reliability thereof.</li> <li>• Reviewing subsequent cash collections for major receivables and overdue amounts.</li> <li>• Making inquiries of management regarding the action plans to recover overdue amounts.</li> <li>• Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.</li> <li>• Examining other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.</li> <li>• Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.</li> </ul>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### **GUH HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No: 4104-W

#### *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 the Company and our auditors' report thereon.

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

In preparing the financial statements of the Group and 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 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 skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### **GUH HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No: 4104-W

- 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 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 the Company, including the disclosures, and whether the financial statements of the Group and 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 the Company of the current period 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 1965 in Malaysia, we also report the following:-

- (i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (ii) We have considered the financial statements and the auditors' report of a subsidiary, Grand Circuit Industry (Philippines) Inc., of which we have not acted as auditors, being financial statements that have been included in the consolidated financial statements.
- (iii) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (iv) The audit reports on the financial statements of the subsidiaries did not contain any qualification that is material to the financial statements of the Group or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

**GUH HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No: 4104-W

**Other Reporting Responsibilities**

The supplementary information set out on page 128 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

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

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

**Eddy Chan Wai Hun**  
Approval No: 2182/10/17(J)  
Chartered Accountant

Date: 7 April 2017

Penang



CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	151,386	157,967
Investment properties	5	9,432	8,900
Goodwill	6	3,348	3,348
Investments in associates	8	18,282	7,367
Available-for-sale financial assets	9	4,458	7,880
Land held for property development	10	153,942	121,857
Deferred tax assets	11	973	224
		<u>341,821</u>	<u>307,543</u>
<b>CURRENT ASSETS</b>			
Property development costs	10	61,501	31,168
Accrued billings	10	6,103	6,396
Asset held for sale	12	400	0
Amounts due from customers for contract work	13	1,843	2,517
Inventories	14	48,869	44,250
Trade and other receivables	15	83,097	78,375
Prepayments	16	5,450	3,991
Current tax assets		3,732	4,207
Cash and cash equivalents	17	110,640	135,992
		<u>321,635</u>	<u>306,896</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	100,674	76,643
Loans and borrowings	19	1,144	0
Amounts due to customers for contract work	13	4,841	93
Current tax liabilities		3,115	5,655
		<u>109,774</u>	<u>82,391</u>
<b>NET CURRENT ASSETS</b>		<b>211,861</b>	<b>224,505</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	19	15,134	0
Deferred tax liabilities	11	13,746	14,097
		<u>28,880</u>	<u>14,097</u>
<b>NET ASSETS</b>		<b><u>524,802</u></b>	<b><u>517,951</u></b>
<b>EQUITY</b>			
Share capital	20	277,905	277,905
Treasury shares	20	(18,089)	(18,038)
Reserves		264,979	258,073
Equity attributable to owners of the Company		<u>524,795</u>	<u>517,940</u>
Non-controlling interests	21	7	11
<b>TOTAL EQUITY</b>		<b><u>524,802</u></b>	<b><u>517,951</u></b>

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Revenue	22	315,120	285,373
Cost of sales		(273,118)	(249,656)
Gross profit		42,002	35,717
Other operating income		7,657	9,921
Administrative expenses		(18,833)	(18,390)
Distribution expenses		(5,516)	(5,183)
Other operating expenses		(2,280)	(5,615)
Profit from operations		23,030	16,450
Finance costs		(17)	0
Share of profit of associates		203	2,224
Profit before tax	23	23,216	18,674
Tax expense	26	(4,342)	(8,746)
Profit for the financial year		18,874	9,928
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		18,878	9,931
- Non-controlling interests	21	(4)	(3)
		18,874	9,928
Earnings per share:-	27		
- Basic (sen)		7.16	3.76
- Diluted (sen)		7.16	3.76

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM'000	2015 RM'000
Profit for the financial year	18,874	9,928
Other comprehensive income:-		
<i>Item that will not be reclassified to profit or loss:-</i>		
- Deferred tax income relating to change in tax rate	0	77
<i>Items that may be reclassified subsequently to profit or loss:-</i>		
- Loss on available-for-sale financial assets	(183)	(464)
- Currency translation differences for foreign operations	(2,694)	27,138
- Reclassification adjustments on:-		
- Derecognition of available-for-sale financial assets	(200)	(405)
- Impairment of available-for-sale financial assets	345	847
- Dissolution of foreign operation	(4)	0
Other comprehensive income for the financial year	(2,736)	27,193
Total comprehensive income for the financial year	<u>16,138</u>	<u>37,121</u>
Total comprehensive income for the financial year attributable to:-		
- Owners of the Company	16,142	37,124
- Non-controlling interests	(4)	(3)
	<u>16,138</u>	<u>37,121</u>

The annexed notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Non-distributable					Distributable*			Equity attributable to owners of the Company		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital reserve RM'000	Revaluation surplus RM'000	Fair value reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Company RM'000	Non-controlling interests RM'000	
At 1 January 2015	277,905	(17,778)	87	0	38,852	1	19,038	176,167	494,272	14	494,286
Deferred tax income relating to change in tax rate	0	0	0	0	77	0	0	0	77	0	77
Loss on available-for-sale financial assets	0	0	0	0	0	(464)	0	0	(464)	0	(464)
Currency translation differences for foreign operations	0	0	0	0	0	0	27,138	0	27,138	0	27,138
Reclassification adjustments on:-											
- Derecognition of available-for-sale financial assets	0	0	0	0	0	(405)	0	0	(405)	0	(405)
- Impairment of available-for-sale financial assets	0	0	0	0	0	847	0	0	847	0	847
Other comprehensive income for the financial year	0	0	0	0	77	(22)	27,138	0	27,193	0	27,193
Profit/(Loss) for the financial year	0	0	0	0	0	0	0	9,931	9,931	(3)	9,928
Total comprehensive income for the financial year	0	0	0	0	77	(22)	27,138	9,931	37,124	(3)	37,121
Purchase of own shares	0	(260)	0	0	0	0	0	0	(260)	0	(260)
Interim single tier dividend of 5.0 sen per share	0	0	0	0	0	0	0	(13,196)	(13,196)	0	(13,196)
Total transactions with owners	0	(260)	0	0	0	0	0	(13,196)	(13,456)	0	(13,456)
Transfer to capital reserve**	0	0	0	11,537	0	0	0	(11,537)	0	0	0
At 31 December 2015	277,905	(18,038)	87	11,537	38,929	(21)	46,176	161,365	517,940	11	517,951

\* Retained profits as at 31 December 2015 amounting to RM17,951,000, being the excess of treasury shares over share premium, were considered as non-distributable.

\*\* This represents the amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Non-distributable						Distributable*		Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital reserve RM'000	Revaluation surplus RM'000	Fair value reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000			
At 1 January 2016	277,905	(18,038)	87	11,537	38,929	(21)	46,176	161,365	517,940	11	517,951
Loss on available-for-sale financial assets	0	0	0	0	0	(183)	0	0	(183)	0	(183)
Currency translation differences for foreign operations	0	0	0	0	0	0	(2,694)	0	(2,694)	0	(2,694)
Reclassification adjustments on:-											
- Derecognition of available-for-sale financial assets	0	0	0	0	0	(200)	0	0	(200)	0	(200)
- Impairment of available-for-sale financial assets	0	0	0	0	0	345	0	0	345	0	345
- Dissolution of foreign operation	0	0	0	0	0	0	(4)	0	(4)	0	(4)
Other comprehensive income for the financial year	0	0	0	0	0	(38)	(2,698)	0	(2,736)	0	(2,736)
Profit/(Loss) for the financial year	0	0	0	0	0	0	0	18,878	18,878	(4)	18,874
Total comprehensive income for the financial year	0	0	0	0	0	(38)	(2,698)	18,878	16,142	(4)	16,138
Purchase of own shares	0	(51)	0	0	0	0	0	0	(51)	0	(51)
Interim single tier dividend of 3.5 sen per share	0	0	0	0	0	0	0	(9,236)	(9,236)	0	(9,236)
Total transactions with owners	0	(51)	0	0	0	0	0	(9,236)	(9,287)	0	(9,287)
Transfer to capital reserve**	0	0	0	1,204	0	0	0	(1,204)	0	0	0
At 31 December 2016	277,905	(18,089)	87	12,741	38,929	(59)	43,478	169,803	524,795	7	524,802

\* Retained profits as at 31 December 2016 amounting to RM18,002,000, being the excess of treasury shares over share premium, were considered as non-distributable.

\*\* This represents the amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	23,216	18,674
Adjustments for:-		
Depreciation	14,146	14,208
Dividend income	(173)	(42)
Gain on derecognition of available-for-sale financial assets	(200)	(405)
Gain on disposal of investment properties	(131)	0
(Gain)/Loss on disposal of property, plant and equipment	(108)	79
Gain on dissolution of subsidiary	(4)	0
Gain on fair value adjustment of investment properties	(1,732)	(1,100)
Impairment loss on available-for-sale financial assets	345	847
Impairment loss on loans and receivables	2	2,736
Interest expense	17	0
Interest income	(3,100)	(4,674)
Inventories written down	757	360
Loss on disposal of land held for property development	351	0
Loss on fair value adjustment of contingent consideration	442	0
Property, plant and equipment written off	7	198
Reversal of impairment loss on loans and receivables	(47)	(20)
Reversal of inventories written down	(583)	(130)
Share of profit of associates	(203)	(2,224)
Unrealised (gain)/loss on foreign exchange	(980)	286
Operating profit before working capital changes	32,022	28,793
Changes in:-		
Property development costs	(62,215)	(19,030)
Accrued billings	293	(399)
Amounts due from/to customers for contract work	5,422	1,793
Inventories	(4,793)	(2,649)
Receivables and prepayments	(1,285)	(11,109)
Payables	17,654	16,564
Cash (absorbed by)/generated from operations	(12,902)	13,963
Tax paid	(8,173)	(8,091)
Tax refunded	818	282
Net cash (used in)/from operating activities	(20,257)	6,154

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Note	2016 RM'000	2015 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of associate		(5,229)	0
Acquisition of subsidiary, net of cash acquired	7	(3,504)	0
Dividends received		173	2,499
Interest received		3,100	4,674
Proceeds from disposal of available-for-sale financial assets		3,831	8,931
Proceeds from disposal of investment properties		931	0
Proceeds from disposal of land held for property development		48	0
Proceeds from disposal of property, plant and equipment		110	32
Purchase of available-for-sale financial assets		(592)	(16,970)
Purchase of property, plant and equipment	28	(8,825)	(5,355)
Net cash used in investing activities		(9,957)	(6,189)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Changes in term deposits pledged as security		(213)	217
Dividend paid		(9,236)	(13,196)
Drawdown of term loan		15,800	0
Interest paid		(619)	0
Purchase of own shares		(51)	(260)
Repayment of hire purchase obligations		(22)	0
Net cash from/(used in) financing activities		5,659	(13,239)
Currency translation differences		(1,010)	17,009
Net (decrease)/increase in cash and cash equivalents		(25,565)	3,735
Cash and cash equivalents brought forward		133,250	129,515
Cash and cash equivalents carried forward	17	107,685	133,250

The annexed notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	860	847
Investment properties	5	23,125	23,125
Investments in subsidiaries	7	203,717	201,927
Investment in associate	8	3,023	3,023
Available-for-sale financial assets	9	4,408	7,830
		<u>235,133</u>	<u>236,752</u>
<b>CURRENT ASSETS</b>			
Receivables	15	183,241	178,890
Prepayments		44	224
Current tax assets		1	3
Cash and cash equivalents	17	4,367	6,073
		<u>187,653</u>	<u>185,190</u>
<b>CURRENT LIABILITIES</b>			
Payables	18	27,329	29,131
		<u>27,329</u>	<u>29,131</u>
<b>NET CURRENT ASSETS</b>		<b>160,324</b>	<b>156,059</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	11	550	550
<b>NET ASSETS</b>		<b><u>394,907</u></b>	<b><u>392,261</u></b>
<b>EQUITY</b>			
Share capital	20	277,905	277,905
Treasury shares	20	(18,089)	(18,038)
Reserves		135,091	132,394
<b>TOTAL EQUITY</b>		<b><u>394,907</u></b>	<b><u>392,261</u></b>

The annexed notes form an integral part of these financial statements.



STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
Revenue	22	19,846	28,212
Cost of services		(6,793)	(6,080)
Gross profit		13,053	22,132
Other operating income		2,024	2,330
Administrative expenses		(1,780)	(1,639)
Other operating expenses		(1,326)	(4,598)
Profit before tax	23	11,971	18,225
Tax expense	26	0	(97)
Profit for the financial year		11,971	18,128

The annexed notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	RM'000	RM'000
Profit for the financial year	11,971	18,128
Other comprehensive income:-		
<i>Items that may be reclassified subsequently to profit or loss:-</i>		
- Loss on available-for-sale financial assets	(183)	(464)
- Reclassification adjustments on:-		
- Derecognition of available-for-sale financial assets	(200)	(405)
- Impairment of available-for-sale financial assets	345	847
Other comprehensive income for the financial year	(38)	(22)
Total comprehensive income for the financial year	11,933	18,106

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Non-distributable					Distributable*		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Revaluation surplus RM'000	Fair value reserve RM'000	Retained profits RM'000		
At 1 January 2015	277,905	(17,778)	87	8,615	1	118,781	387,611	
Loss on available-for-sale financial assets	0	0	0	0	(464)	0	(464)	
Reclassification adjustments on:-								
- Derecognition of available-for-sale financial assets	0	0	0	0	(405)	0	(405)	
- Impairment of available-for-sale financial assets	0	0	0	0	847	0	847	
Other comprehensive income for the financial year	0	0	0	0	(22)	0	(22)	
Profit for the financial year	0	0	0	0	0	18,128	18,128	
Total comprehensive income for the financial year	0	0	0	0	(22)	18,128	18,106	
Purchase of own shares	0	(260)	0	0	0	0	(260)	
Interim single tier dividend of 5.0 sen per share	0	0	0	0	0	(13,196)	(13,196)	
Total transactions with owners	0	(260)	0	0	0	(13,196)	(13,456)	
At 31 December 2015	277,905	(18,038)	87	8,615	(21)	123,713	392,261	

\* Retained profits as at 31 December 2015 amounting to RM17,951,000, being the excess of treasury shares over share premium, were considered as non-distributable.

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Non-distributable					Distributable*		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Revaluation surplus RM'000	Fair value reserve RM'000	Retained profits RM'000		
At 1 January 2016	277,905	(18,038)	87	8,615	(21)	123,713	392,261	
Loss on available-for-sale financial assets	0	0	0	0	(183)	0	(183)	
Reclassification adjustments on:-								
- Derecognition of available-for-sale financial assets	0	0	0	0	(200)	0	(200)	
- Impairment of available-for-sale financial assets	0	0	0	0	345	0	345	
Other comprehensive income for the financial year	0	0	0	0	(38)	0	(38)	
Profit for the financial year	0	0	0	0	0	11,971	11,971	
Total comprehensive income for the financial year	0	0	0	0	(38)	11,971	11,933	
Purchase of own shares	0	(51)	0	0	0	0	(51)	
Interim single tier dividend of 3.5 sen per share	0	0	0	0	0	(9,236)	(9,236)	
Total transactions with owners	0	(51)	0	0	0	(9,236)	(9,287)	
At 31 December 2016	277,905	(18,089)	87	8,615	(59)	126,448	394,907	

\* Retained profits as at 31 December 2016 amounting to RM18,002,000, being the excess of treasury shares over share premium, were considered as non-distributable.

The annexed notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		11,971	18,225
Adjustments for:-			
Depreciation		300	290
Dividend income		(14,473)	(22,771)
Gain on derecognition of available-for-sale financial assets		(200)	(405)
Gain on disposal of property, plant and equipment		(21)	0
Gain on fair value adjustment of investment properties		0	(1,925)
Impairment loss on available-for-sale financial assets		345	847
Impairment loss on investments in subsidiaries		0	2,055
Interest income		(279)	(709)
Reversal of impairment loss on investments in subsidiaries		(1,790)	0
Unrealised loss on foreign exchange		333	1,082
Operating loss before working capital changes		(3,814)	(3,311)
Changes in:-			
Receivables and prepayments		(20,161)	(8,142)
Payables		(2,135)	1,336
Cash absorbed by operations		(26,110)	(10,117)
Tax paid		(1)	(6)
Tax refunded		3	10
Net cash used in operating activities		(26,108)	(10,113)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received		30,463	7,914
Interest received		279	709
Proceeds from disposal of available-for-sale financial assets		3,831	8,931
Proceeds from disposal of property, plant and equipment		21	0
Purchase of available-for-sale financial assets		(592)	(16,970)
Purchase of property, plant and equipment		(313)	(34)
Net cash from investing activities		33,689	550
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(9,236)	(13,196)
Purchase of own shares		(51)	(260)
Net cash used in financing activities		(9,287)	(13,456)
Currency translation differences		0	9
Net decrease in cash and cash equivalents		(1,706)	(23,010)
Cash and cash equivalents brought forward		6,073	29,083
Cash and cash equivalents carried forward	17	4,367	6,073

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Part of Plot 1240 & 1241, Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 7.

The consolidated financial statements set out on pages 63 to 69 together with the notes thereto cover the Company and its subsidiaries ("the Group") and the Group's interests in associates. The separate financial statements of the Company set out on pages 70 to 75 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 7 April 2017.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 1965 in Malaysia.

The following FRSs became effective for the financial year under review:-

FRS	Effective for annual periods beginning on or after
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 101 <i>Disclosure Initiative</i>	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**2.1 Basis of Preparation of Financial Statements (cont'd)**

FRS	Effective for annual periods beginning on or after
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Annual Improvements to FRS Standards 2012 - 2014 Cycle	1 January 2016

The adoption of the above FRSs did not result in any significant changes in the accounting policies of the Group and the Company.

**2.2 Future Accounting Standards**

**Financial Reporting Standards**

For the existing FRS Framework, the Malaysian Accounting Standards Board ("MASB") has issued the following FRSs which are not yet effective:-

FRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
FRS 9 <i>Financial Instruments</i> (IFRS 9 <i>Financial Instruments</i> as issued by IASB in July 2014)	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to FRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	1 January 2018
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Annual Improvements to FRS Standards 2014 - 2016 Cycle:-	
(i) Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i>	1 January 2018
(ii) Amendments to FRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2017
(iii) Amendments to FRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Future Accounting Standards (cont'd)

#### Financial Reporting Standards (cont'd)

Management foresees that the initial application of the above FRSs will not have any significant impacts on the financial statements except as follows:-

#### FRS 9 *Financial Instruments*

FRS 9 Financial Instruments, which replaces FRS 139 *Financial Instruments: Recognition and Measurement*, sets out the requirements for recognising and measuring financial instruments. The major changes introduced by FRS 9 (that are relevant to the Group and the Company) relate to the classification and measurement of financial assets. Under FRS 9, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the business model within which they are held and their contractual cash flow characteristics. Management foresees that the adoption of these new classifications will not result in any significant changes in the existing measurement bases of financial assets of the Group and the Company except that the unquoted investments currently accounted for at cost will be measured at fair value.

#### Malaysian Financial Reporting Standards

In November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") Framework. The issuance was made in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS Framework is a fully IFRS-compliant framework and equivalent to IFRSs.

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*, including their parents, significant investors and joint venturers ("Transitioning Entities"). As announced by the MASB on 28 October 2015, Transitioning Entities are allowed to defer the adoption of the MFRS Framework to annual periods beginning on or after 1 January 2018.

Being a Transitioning Entity as defined above, the Group and the Company have elected to continue preparing their financial statements in accordance with the FRS Framework and will first present the financial statements in accordance with the MFRS Framework for the financial year ending 31 December 2018. Management is currently examining the financial impacts of transition to the MFRS Framework.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Business Combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses.

Business combinations are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
  - (i) the acquisition-date fair value of the consideration transferred;
  - (ii) the amount of any non-controlling interests; and
  - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
  
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.11. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

### 2.4 Basis of Consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method, except for GUH Development Sdn. Bhd., the acquisition of which did not constitute a business combination and was accounted for as an asset acquisition. A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**2.4 Basis of Consolidation (cont'd)**

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

**2.5 Property, Plant and Equipment**

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.11.

Revaluations of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated on a straight-line basis over the lease terms of 48 to 60 years. Plantation development expenditure, which represents the capitalised costs on new planting and replanting of oil palm, is depreciated on a straight-line basis over the estimated useful life of the oil palm of 20 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2 - 5%
Plant and machinery	10 - 20%
Furniture, fittings and office equipment	5 - 50%
Motor vehicles	20 - 25%
Estate improvement	10%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.6 Investment Properties

Investment property, being a property held to earn rentals and/or for capital appreciation, is stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

### 2.7 Investments in Subsidiaries

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.11.

### 2.8 Investments in Associates

An associate is an entity over which an investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the carrying amount of the investment is subject to further impairment assessment. The impairment policy is disclosed in Note 2.11.

In the separate financial statements of the Company, investments in associates are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.11.

### 2.9 Property Development Activities

Land held for property development is stated at cost less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.11. The portion of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle is classified as non-current assets.

Property development revenue comprises the selling price agreed in the sale and purchase agreement and any additional revenue due to variation in development work. Property development costs comprise costs associated with the acquisition of land, costs related directly to a specific development project and other costs attributable to development activities in general and can be allocated to the project.

When the outcome of a development activity can be estimated reliably, property development revenue and costs attributable to the development units sold are recognised in profit or loss by reference to the stage of completion of the development activity at the end of the reporting period. The stage of completion is determined by reference to the proportion that property development costs incurred to date bear to the estimated total costs.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.9 Property Development Activities (cont'd)

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised in profit or loss only to the extent of property development costs incurred that are probable to be recoverable whereas property development costs attributable to the development units sold are recognised in profit or loss in the period in which they are incurred. Any expected loss on a development project is recognised in profit or loss immediately.

### 2.10 Non-current Assets (or Disposal Groups) Held for Sale

A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before the initial classification as held for sale, the carrying amounts of the asset (or all the assets and liabilities of the disposal group) are measured in accordance with applicable FRSs. Upon classification as held for sale, the asset (or disposal group), other than financial assets within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* and investment properties stated at fair value, is measured at the lower of its carrying amount and fair value less costs to sell. Any initial or subsequent write-down to, or any subsequent increase in, fair value less costs to sell is recognised in profit or loss.

### 2.11 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories, assets arising from construction contracts, deferred tax assets, investment properties stated at fair value and non-current assets (or disposal groups) classified as held for sale, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation decrease.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss on goodwill is not reversed.

### 2.12 Construction Contracts

Contract revenue comprises the initial amount of revenue agreed in the contract, variations in contract work, claims and incentive payments. Contract costs consist of costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract and such other costs as are specifically chargeable to the customer under the terms of the contract.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.12 Construction Contracts (cont'd)

When the outcome of a contract can be estimated reliably, contract revenue and contract costs are recognised in profit or loss by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is determined by reference to the proportion that contract costs incurred to date bear to the estimated total costs.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised in profit or loss only to the extent of contract costs incurred that are probable to be recoverable whereas contract costs are recognised in profit or loss in the period in which they are incurred. Any expected loss on a contract is recognised in profit or loss immediately.

When contract costs incurred plus recognised profits less recognised losses exceed progress billings, the excess represents the gross amount due from customers for contract work and is presented as an asset. When progress billings exceed contract costs incurred plus recognised profits less recognised losses, the excess represents the gross amount due to customers for contract work and is presented as a liability.

### 2.13 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Inventories of unsold completed development units are valued at the lower of cost and net realisable value. Cost comprises the components of property development costs as stated in Note 2.9 and is allocated based on relative sales values.

### 2.14 Financial Assets

Financial assets of the Group and the Company consist of investments in equity instruments, receivables, derivatives and cash and cash equivalents.

#### Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. A financial asset is initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of a financial asset depends on its classification as follows:-

#### (i) Financial assets at fair value through profit or loss

All derivatives, except for those designated as hedges, are classified as held for trading under this category. After initial recognition, such financial assets are measured at fair value. Any gain or loss arising from a change in the fair value is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**2.14 Financial Assets (cont'd)**

**Recognition and Measurement (cont'd)**

**(ii) Held-to-maturity investments**

The Group and the Company do not have any financial assets classified under this category.

**(iii) Loans and receivables**

All receivables and cash and cash equivalents are classified under this category. After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

**(iv) Available-for-sale financial assets**

All investments in equity instruments (other than interests in subsidiaries and associates) are classified under this category. After initial recognition, such financial assets are measured at fair value, except for those unquoted investments whose fair values cannot be reliably measured, which are measured at cost. Any gain or loss arising from a change in the fair value, except for impairment loss, is recognised in other comprehensive income and accumulated in equity as fair value reserve until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

**Impairment**

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as follows:-

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

An impairment loss on loans and receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.14 Financial Assets (cont'd)

#### Impairment (cont'd)

##### (ii) Financial assets carried at cost

An impairment loss on an unquoted investment whose fair value cannot be reliably measured is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the current market rate of return for a similar asset. The impairment loss is recognised in profit or loss and is not reversed in any subsequent period.

##### (iii) Available-for-sale financial assets

When there is a significant or prolonged decline in the fair value of an investment in equity instrument classified as available-for-sale, the cumulative loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. Such cumulative loss reclassified from equity to profit or loss represents an impairment loss and is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. The impairment loss is not reversed through profit or loss in any subsequent period.

### 2.15 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and derivatives (including financial guarantee contracts).

#### Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value less, in the case of a financial liability not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, all financial liabilities, except for financial liabilities at fair value through profit or loss and financial guarantee contracts, are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process.

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

All derivatives, except for financial guarantee contracts or those designated as hedges, and contingent consideration are classified under this category. After initial recognition, such financial liabilities are measured at fair value. Any gain or loss arising from a change in the fair value is recognised in profit or loss.

##### (ii) Financial guarantee contracts

After initial recognition at fair value, if any, financial guarantee contracts are measured at the higher of the amount initially recognised less appropriate amortisation and the estimate of any probable obligation.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**2.15 Financial Liabilities (cont'd)**

**Recognition and Measurement (cont'd)**

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

**2.16 Leases**

**Finance Lease**

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

**Operating Lease**

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

**2.17 Foreign Currency Transactions and Translation**

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.17 Foreign Currency Transactions and Translation (cont'd)

In translating the financial position and results of a foreign operation whose functional currency is not the required presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation occurring after 1 January 2006 are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate. As allowed by the transitional provisions of FRS 121 *The Effects of Changes in Foreign Exchange Rates*, goodwill and fair value adjustments arising from the acquisition which occurred before 1 January 2006 have not been restated and continue to be treated as assets and liabilities of the acquirer. Accordingly, these goodwill and fair value adjustments are reported using the exchange rate at acquisition date.

### 2.18 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act 1965. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends, the cost of the shares distributed is applied in the reduction of share premium and/or distributable reserves. When treasury shares are cancelled, an amount equivalent to their nominal value is transferred from share capital to a capital redemption reserve and the total cost of the treasury shares cancelled is adjusted to share premium and/or other suitable reserves.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

### 2.19 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.19 Fair Value Measurement (cont'd)

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following:-

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

#### **Non-financial Assets**

The fair values of land and buildings are measured using the market comparison approach. Under this approach, the fair values are derived from observable market data such as prices per square foot for comparable properties in similar locations (i.e. Level 2).

#### **Financial Assets and Financial Liabilities**

The carrying amounts of receivables, cash and cash equivalents, payables (except for contingent consideration) and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair value of quoted investment is directly measured using its unadjusted closing price in an active market (i.e. Level 1).

The fair value of contingent consideration is measured using probability-weighted present value technique by discounting the expected future cash flows using the Group's observable cost of capital dictated by external market (i.e. Level 2).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.20 Income Recognition

Income from the sale of goods and plantation produce is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Income from the rendering of services is recognised when the services are performed.

Property development revenue is recognised in accordance with Note 2.9.

Contract revenue is recognised in accordance with Note 2.12.

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

Interest income is recognised using the effective interest method.

Rental income is recognised on an accrual basis.

### 2.21 Employee Benefits

#### Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in property development costs, where appropriate, in the period in which the associated services are rendered by the employee.

#### Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised in profit or loss or included in property development costs, where appropriate, in the period in which the associated services are rendered by the employee.

#### Ex-gratia Benefits

Ex-gratia benefits are directors' resignation compensation and are accrued for certain directors based on their emoluments and length of service as at the end of the reporting period as stated in their Service Agreements with the Group.

### 2.22 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.23 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

### 2.24 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

## 3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

### Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management makes the following judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements:-

#### Impairment of available-for-sale financial assets

When there is a significant or prolonged decline in the fair value of an investment in equity instrument classified as available-for-sale, the cumulative decline represents an impairment loss. The determination of what constitutes "significant or prolonged" requires judgement. In making this judgement, management continuously evaluates the historical share price movements and the duration and extent of the decline in fair value below cost. For the financial year ended 31 December 2016, the Group and the Company have recognised impairment loss of RM345,000 on available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (cont'd)

#### Sources of Estimation Uncertainty

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

##### Impairment of goodwill

Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. The carrying amount of goodwill is disclosed in Note 6.

##### Impairment of investments in associates

When there is an indication that an investment in associate may be impaired, the Group performs impairment test by comparing the recoverable amount of the investment (higher of fair value less costs of disposal and value in use) with its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from its operations and the proceeds from the ultimate disposal of the investment. Such determination of the value in use involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. The carrying amounts of investments in associates are disclosed in Note 8.

##### Property development activities

The Group recognises property development revenue and costs by reference to the stage of completion of the development activity. The determination of the stage of completion involves estimating the outcome of the development activity based on past experience and work of specialists. The carrying amounts of items relating to property development activities are disclosed in Note 10.

##### Construction contracts

The Group recognises contract revenue and contract costs by reference to the stage of completion of the contract activity. The determination of the stage of completion involves estimating the outcome of the contract activity based on past experience and work of specialists. The carrying amounts of assets and liabilities arising from construction contracts are disclosed in Note 13.

##### Allowance for inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates may result in revisions to the valuation of inventories. The carrying amounts of inventories are disclosed in Note 14.

##### Impairment of loans and receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of loans and receivables. Allowance is applied to loans and receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of loans and receivables as disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Plantation development expenditure and estate improvement RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Cost/Valuation</u>							
At 1 January 2015	113,346	187,039	8,916	6,013	792	0	316,106
Additions	845	3,601	173	279	0	457	5,355
Disposals/Write-offs	0	(18,225)	(1,867)	(232)	0	0	(20,324)
Currency translation differences	8,763	14,012	546	128	0	0	23,449
At 31 December 2015	122,954	186,427	7,768	6,188	792	457	324,586
Representing:-							
- Cost	5,887	186,427	7,768	6,188	792	457	207,519
- Valuation	117,067	0	0	0	0	0	117,067
	122,954	186,427	7,768	6,188	792	457	324,586
At 1 January 2016	122,954	186,427	7,768	6,188	792	457	324,586
Additions	315	3,060	376	1,576	0	3,998	9,325
Disposals/Write-offs	0	(296)	(100)	(1,149)	0	0	(1,545)
Reclassifications	0	4,206	59	0	0	(4,265)	0
Currency translation differences	(1,292)	(2,051)	(81)	(19)	0	0	(3,443)
At 31 December 2016	121,977	191,346	8,022	6,596	792	190	328,923
Representing:-							
- Cost	6,202	191,346	8,022	6,596	792	190	213,148
- Valuation	115,775	0	0	0	0	0	115,775
	121,977	191,346	8,022	6,596	792	190	328,923
<u>Depreciation and Impairment Losses</u>							
At 1 January 2015							
Accumulated depreciation	5,119	144,878	5,465	3,894	309	0	159,665
Accumulated impairment losses	379	7	26	0	0	0	412
	5,498	144,885	5,491	3,894	309	0	160,077
Depreciation	5,514	7,320	683	643	48	0	14,208
Disposals/Write-offs	0	(18,041)	(1,848)	(126)	0	0	(20,015)
Currency translation differences	819	11,082	340	108	0	0	12,349
At 31 December 2015							
Accumulated depreciation	11,452	145,239	4,640	4,519	357	0	166,207
Accumulated impairment losses	379	7	26	0	0	0	412
	11,831	145,246	4,666	4,519	357	0	166,619
Depreciation	5,535	7,087	730	749	45	0	14,146
Disposals/Write-offs	0	(293)	(94)	(1,149)	0	0	(1,536)
Currency translation differences	(24)	(1,608)	(44)	(16)	0	0	(1,692)
At 31 December 2016							
Accumulated depreciation	16,963	150,425	5,232	4,103	402	0	177,125
Accumulated impairment losses	379	7	26	0	0	0	412
	17,342	150,432	5,258	4,103	402	0	177,537

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Plantation development expenditure and estate improvement RM'000	Capital work-in-progress RM'000	Total RM'000
<u>Carrying Amount</u>							
At 1 January 2015	107,848	42,154	3,425	2,119	483	0	156,029
At 31 December 2015	111,123	41,181	3,102	1,669	435	457	157,967
At 31 December 2016	104,635	40,914	2,764	2,493	390	190	151,386

A motor vehicle with carrying amount of RM592,000 (2015 : NIL) was acquired under hire purchase financing which remained outstanding as at the end of the reporting period.

The details of land and buildings are as follows:-

Group

	Freehold land RM'000	Short-term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Cost/Valuation</u>				
At 1 January 2015	24,650	31,736	56,960	113,346
Additions	0	0	845	845
Currency translation differences	0	3,269	5,494	8,763
At 31 December 2015	24,650	35,005	63,299	122,954
Representing:-				
- Cost	3,450	0	2,437	5,887
- Valuation	21,200	35,005	60,862	117,067
	24,650	35,005	63,299	122,954
At 1 January 2016	24,650	35,005	63,299	122,954
Additions	0	0	315	315
Currency translation differences	0	(484)	(808)	(1,292)
At 31 December 2016	24,650	34,521	62,806	121,977
Representing:-				
- Cost	3,450	0	2,752	6,202
- Valuation	21,200	34,521	60,054	115,775
	24,650	34,521	62,806	121,977

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group

	Freehold land RM'000	Short-term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Depreciation and Impairment Losses</u>				
At 1 January 2015				
Accumulated depreciation	0	1,022	4,097	5,119
Accumulated impairment losses	0	0	379	379
	0	1,022	4,476	5,498
Depreciation	0	1,083	4,431	5,514
Currency translation differences	0	143	676	819
At 31 December 2015				
Accumulated depreciation	0	2,248	9,204	11,452
Accumulated impairment losses	0	0	379	379
	0	2,248	9,583	11,831
Depreciation	0	1,080	4,455	5,535
Currency translation differences	0	(4)	(20)	(24)
At 31 December 2016				
Accumulated depreciation	0	3,324	13,639	16,963
Accumulated impairment losses	0	0	379	379
	0	3,324	14,018	17,342
<u>Carrying Amount</u>				
At 1 January 2015	24,650	30,714	52,484	107,848
At 31 December 2015	24,650	32,757	53,716	111,123
At 31 December 2016	24,650	31,197	48,788	104,635

The land and buildings were revalued to fair values on 31 December 2013 based on appraisals performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2). Had the land and buildings been carried under the cost model, the total carrying amounts of their entire classes that would have been recognised in the financial statements are as follows:-

	Group	
	2016 RM'000	2015 RM'000
Freehold land	15,582	15,582
Short-term leasehold land	5,858	6,182
Buildings	39,696	43,107
	<u>61,136</u>	<u>64,871</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**4. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

Company

	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>			
At 1 January 2015	154	2,064	2,218
Additions	34	0	34
Disposals/Write-offs	(25)	0	(25)
At 31 December 2015	163	2,064	2,227
Additions	37	276	313
Disposals/Write-offs	(6)	(705)	(711)
At 31 December 2016	194	1,635	1,829
<u>Accumulated Depreciation</u>			
At 1 January 2015	110	1,005	1,115
Depreciation	18	272	290
Disposals/Write-offs	(25)	0	(25)
At 31 December 2015	103	1,277	1,380
Depreciation	19	281	300
Disposals/Write-offs	(6)	(705)	(711)
At 31 December 2016	116	853	969
<u>Carrying Amount</u>			
At 1 January 2015	44	1,059	1,103
At 31 December 2015	60	787	847
At 31 December 2016	78	782	860

**5. INVESTMENT PROPERTIES**

Group

	Freehold land RM'000	Buildings RM'000	Total RM'000
<u>Fair Value</u>			
At 1 January 2015	5,910	1,890	7,800
Fair value adjustments	960	140	1,100
At 31 December 2015	6,870	2,030	8,900
Disposals	0	(800)	(800)
Transfer to asset held for sale	0	(400)	(400)
Fair value adjustments	1,650	82	1,732
At 31 December 2016	8,520	912	9,432

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**5. INVESTMENT PROPERTIES (cont'd)**

Company

	Freehold land RM'000
<u>Fair Value</u>	
At 1 January 2015	21,200
Fair value adjustment	1,925
At 31 December 2015 / 31 December 2016	<u>23,125</u>

The fair values of investment properties were measured based on appraisals performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2).

**6. GOODWILL**

Group

	RM'000
At 1 January 2015 / 31 December 2015 / 31 December 2016	<u>3,348</u>

Goodwill is attributable to a subsidiary, Teknoserv Engineering Sdn. Bhd., which represents a separate cash-generating unit ("CGU").

The recoverable amount of the CGU was determined based on its value in use calculated using cash flow projections. The cash flow projections were based on the most recent financial budgets/forecasts approved by management which covered a period of 5 years. A growth rate of 0% was used to extrapolate the cash flow projections beyond the 5 years covered by the financial budgets/forecasts. A discount rate of 8.82% (2015 : 11.07%) per annum was applied to the cash flow projections.

Barring any unforeseen circumstances, management believes that no reasonably possible change in the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**7. INVESTMENTS IN SUBSIDIARIES**

Company	2016 RM'000	2015 RM'000
Unquoted shares - at cost	217,476	217,476
Impairment losses	(13,759)	(15,549)
	<u>203,717</u>	<u>201,927</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2016	2015	
GUH Electronic Holdings Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Asset Holdings Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Properties Sdn. Bhd.	Malaysia	100.00%	100.00%	Property development
GUH Plantations Sdn. Bhd.	Malaysia	100.00%	100.00%	Cultivation of oil palm
GUH International (HK) Private Limited <sup>(a)</sup>	Hong Kong	100.00%	100.00%	Dormant
GUH Water Holdings Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Land Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Capital Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
<u>Subsidiaries of GUH Electronic Holdings Sdn. Bhd.</u>				
GUH Circuit Industry (PG) Sdn. Bhd.	Malaysia	100.00%	100.00%	Manufacture and sale of hybrid printed circuit boards
GUH Circuit Industry (Suzhou) Co., Ltd.	People's Republic of China	100.00%	100.00%	Manufacture and sale of hybrid printed circuit boards
Grand United (BVI) Co., Ltd.	British Virgin Islands	100.00%	100.00%	Sale of hybrid printed circuit boards
Grand Circuit Industry (Philippines) Inc.	Philippines	100.00%	100.00%	Dormant

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7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2016	2015	
<u>Subsidiaries of GUH Asset Holdings Sdn. Bhd.</u>				
GUH Electrical Appliances Sdn. Bhd.	Malaysia	100.00%	100.00%	Ceased operation
GUH Electrical (BW) Sdn. Bhd.	Malaysia	100.00%	100.00%	Trading in electrical goods and appliances
GUH Realty Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment in real estate and property development
GUH Electrical (KL) Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Malaysian Mechanical Engineering Industries Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Tecnovac Marketing Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Milan Diamond Sdn. Bhd.	Malaysia	100.00%	0.00%	Dormant
<u>Subsidiaries of GUH Water Holdings Sdn. Bhd.</u>				
GUH Water (Jiangsu) Pte. Limited <sup>(a)</sup>	Hong Kong	100.00%	100.00%	Dormant
Teknoserv Engineering Sdn. Bhd.	Malaysia	100.00%	100.00%	Project managers and contractors for installation of water and wastewater treatment plant
<u>Subsidiary of GUH Land Sdn. Bhd.</u>				
GUH Development Sdn. Bhd.	Malaysia	99.46%	99.46%	Property development
<u>Subsidiary of GUH Realty Sdn. Bhd.</u>				
Jeladan Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
<u>Subsidiary of GUH Water (Jiangsu) Pte. Limited</u>				
GUH Water (Gaochun) Co., Ltd.	People's Republic of China	0.00%	100.00%	Dissolved

<sup>(a)</sup> Not required to be audited, and consolidated using unaudited financial statements

NOTES TO THE FINANCIAL STATEMENTS  
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**7. INVESTMENTS IN SUBSIDIARIES (cont'd)**

**Acquisition of Subsidiary**

On 21 March 2016, the Group, through GUH Asset Holdings Sdn. Bhd., entered into a share purchase agreement to acquire 2 ordinary shares of RM1.00 each in Milan Diamond Sdn. Bhd. ("MDSB"), representing 100% equity interest in MDSB, for a cash consideration of RM2 and the settlement of liabilities of RM3,506,000. The amounts recognised at the acquisition date for each major class of assets acquired and liabilities assumed are as follows:-

	RM'000
Receivables and prepayments	3,547
Cash and bank balances	2
Payables	(3,549)
Net assets	<u>0</u>

MDSB is a company incorporated in Malaysia and has not commenced business since its incorporation. Its intended principal activities are investment holding and leasing. The effects of the acquisition on the consolidated statement of cash flows are as follows:-

	2016 RM'000
Total purchase consideration	0*
Settlement of loans	3,506
Cash and bank balances acquired	(2)
Acquisition of subsidiary, net of cash acquired	<u>3,504</u>

\* Denotes RM2

**8. INVESTMENTS IN ASSOCIATES**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares - at cost	13,360	3,023	3,023	3,023
Share of post-acquisition changes in net assets	4,922	4,344	0	0
	<u>18,282</u>	<u>7,367</u>	<u>3,023</u>	<u>3,023</u>

NOTES TO THE FINANCIAL STATEMENTS  
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**8. INVESTMENTS IN ASSOCIATES (cont'd)**

The details of the associates are as follows:-

Name of Associate	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2016	2015	
Cambodia Utilities Pte. Ltd. ("CUPL")	Cambodia	20.00%	20.00%	Ceased operation
Straits International Education Group Sdn. Bhd. ("SIEG")	Malaysia	25.00%	0.00%	Investment holding
<u>Subsidiaries of SIEG</u>				
KIM Straits International Education Sdn. Bhd.	Malaysia	25.00%	0.00%	Dormant
KK Straits International Education Sdn. Bhd.	Malaysia	25.00%	0.00%	Dormant
SG Straits International Education Sdn. Bhd.	Malaysia	25.00%	0.00%	Provision of education services

On 21 March 2016, the Group, through GUH Capital Sdn. Bhd., entered into a subscription agreement to subscribe for 1,166,667 new ordinary shares in SIEG, representing 25% of the enlarged share capital of SIEG, for a total subscription consideration of RM11,000,000 payable as follows:-

- (i) Minimum consideration of RM5,000,000 payable upon execution of shareholders' agreement.
- (ii) Contingent consideration of RM6,000,000 payable within 2 years from 21 March 2016 when, and only when, the specified future events occur.

The summarised financial information of the associates is as follows:-

	CUPL		SIEG & Subsidiaries	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-current assets	0	0	3,267	N/A
Current assets	42,151	44,709	4,905	N/A
Current liabilities	(473)	(7,876)	(6,272)	N/A
Net assets	41,678	36,833	1,900	N/A
Revenue	0	27,448	5,776	N/A
Profit/(Loss) (representing total comprehensive income)	2,969	11,120	(1,564)	N/A

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**8. INVESTMENTS IN ASSOCIATES (cont'd)**

The reconciliation of the above summarised financial information to the carrying amount of the investments in associates is as follows:-

	Group		2016	2015
	CUPL RM'000	SIEG RM'000	Total RM'000	CUPL RM'000
Net assets	41,678	1,900	43,578	36,833
Contingent consideration	0	6,000	6,000	0
	41,678	7,900	49,578	36,833
Effective ownership interest	20%	25%	20% - 25%	20%
Share of net assets	8,336	1,975	10,311	7,367
Goodwill	0	7,971	7,971	0
Carrying amount	8,336	9,946	18,282	7,367

**9. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Shares quoted in Malaysia - at fair value	4,408	7,830	4,408	7,830
Unquoted shares - at cost less impairment losses	50	50	0	0
	4,458	7,880	4,408	7,830

The fair values of quoted investments are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

The fair values of unquoted investments cannot be reliably measured due to the lack of quoted prices in active markets for identical instruments. In addition, the variability in the range of reasonable fair value measurements is expected to be significant and the probabilities of the various estimates within the range cannot be reasonably assessed.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**10. PROPERTY DEVELOPMENT ACTIVITIES**

Group

**Land Held For Property Development**

	2016 RM'000	2015 RM'000
At 1 January		
- Freehold land	83,235	84,560
- Development costs	38,622	37,446
	121,857	122,006
Costs incurred during the year		
- Freehold land	23,524	864
- Development costs	8,358	5,586
- Borrowing costs capitalised	602	0
	32,484	6,450
Transfer to property development costs		
- Freehold land	0	(2,105)
- Development costs	0	(4,375)
	0	(6,480)
Disposals during the year		
- Freehold land	(344)	(84)
- Development costs	(55)	(35)
	(399)	(119)
At 31 December		
- Freehold land	106,415	83,235
- Development costs	47,527	38,622
	<u>153,942</u>	<u>121,857</u>

Certain freehold land with carrying amount of RM24,393,000 (2015 : NIL) has been pledged as security for credit facilities granted to the Group.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**10. PROPERTY DEVELOPMENT ACTIVITIES (cont'd)**

**Property Development Costs**

	2016 RM'000	2015 RM'000
At 1 January		
- Freehold land	4,333	2,228
- Development costs	38,949	15,632
	43,282	17,860
Development costs incurred during the year	37,443	18,942
Transfer from land held for property development		
- Freehold land	0	2,105
- Development costs	0	4,375
	0	6,480
Costs recognised in profit or loss		
- Prior year	(12,114)	(5,871)
- Current year	(7,110)	(6,243)
	(19,224)	(12,114)
At 31 December	61,501	31,168

**Accrued Billings**

	2016 RM'000	2015 RM'000
Property development revenue recognised in profit or loss	35,536	22,638
Billings to purchasers	(29,433)	(16,242)
	6,103	6,396

**11. DEFERRED TAX ASSETS/(LIABILITIES)**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	(13,873)	(12,073)	(550)	(453)
Deferred tax income/(expense) recognised in:-				
- Profit or loss	1,017	82	0	(97)
- Other comprehensive income	0	77	0	0
Deferred tax liabilities underprovided in prior years	(51)	(870)	0	0
Currency translation differences	134	(1,089)	0	0
At 31 December	(12,773)	(13,873)	(550)	(550)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Disclosed as:-				
- Deferred tax assets	973	224	0	0
- Deferred tax liabilities	(13,746)	(14,097)	(550)	(550)
	<u>(12,773)</u>	<u>(13,873)</u>	<u>(550)</u>	<u>(550)</u>
In respect of:-				
- (Taxable)/Deductible temporary differences of:-				
- Property, plant and equipment	(12,366)	(13,009)	0	0
- Investment properties	(416)	(352)	(550)	(550)
- Investments in associates	(767)	(575)	0	0
- Property development costs	(1,079)	(1,190)	0	0
- Inventories	573	283	0	0
- Financial instruments	246	700	0	0
- Unused capital allowances	107	36	0	0
- Unused tax losses	929	234	0	0
	<u>(12,773)</u>	<u>(13,873)</u>	<u>(550)</u>	<u>(550)</u>

Save as disclosed above, as at 31 December 2016, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group and the Company to the extent of approximately RM40,000 and RM31,000 (2015 : RM29,000 and RM21,000) respectively. No further deferred tax assets have been recognised for the excess of the deductible temporary differences, unused capital allowances and tax losses over the taxable temporary differences as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deductible temporary differences of:-				
- Property development costs	1,034	847	0	0
- Inventories	240	250	0	0
- Financial instruments	3,699	3,061	3,699	3,061
Unused capital allowances	1,932	1,850	956	853
Unused tax losses	29,031	26,181	13,772	11,238
Taxable temporary differences of property, plant and equipment	(167)	(121)	(129)	(89)
	<u>35,769</u>	<u>32,068</u>	<u>18,298</u>	<u>15,063</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**12. ASSET HELD FOR SALE**

Group

	Building RM'000
At 1 January 2016	0
Transfer from investment properties	400
At 31 December 2016	<u>400</u>

In October 2016, the Group, through GUH Realty Sdn. Bhd., entered into a sale and purchase agreement to sell the building. The sale has yet to be completed as at the end of the reporting period.

**13. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK**

Group

	2016 RM'000	2015 RM'000
Contract costs incurred	35,592	16,617
Recognised profits	3,818	1,896
	<u>39,410</u>	<u>18,513</u>
Progress billings	(42,408)	(16,089)
	<u>(2,998)</u>	<u>2,424</u>
Disclosed as:-		
- Amounts due from customers for contract work	1,843	2,517
- Amounts due to customers for contract work	(4,841)	(93)
	<u>(2,998)</u>	<u>2,424</u>

**14. INVENTORIES**

Group

	2016 RM'000	2015 RM'000
Raw materials	13,048	10,867
Work-in-progress	7,316	5,849
Finished goods	7,330	5,654
Consumables	3,315	3,316
Goods-in-transit	1,549	1,487
Completed development units	16,311	17,077
	<u>48,869</u>	<u>44,250</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**15. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables:-				
- Related party <sup>(a)</sup>	16	28	0	0
- Unrelated parties	84,699	80,594	0	0
- Allowance for impairment	(3,175)	(3,279)	0	0
	81,524	77,315	0	0
	81,540	77,343	0	0
Other receivables:-				
- Subsidiaries	0	0	183,236	162,753
- Unrelated parties	1,557	1,032	5	147
	1,557	1,032	183,241	162,900
Dividend receivable from subsidiary	0	0	0	15,990
	83,097	78,375	183,241	178,890

<sup>(a)</sup> Being a company in which a director has substantial financial interest

The currency profile of trade and other receivables is as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	15,752	16,577	183,241	178,890
Renminbi	32,440	31,595	0	0
US Dollar	34,905	30,203	0	0
	83,097	78,375	183,241	178,890

**Trade Receivables**

Trade receivables are unsecured, non-interest bearing and generally on 21 to 120 day terms.

Included in trade receivables are retention sums for contract work totalling RM3,717,000 (2015 : RM1,290,000).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**15. TRADE AND OTHER RECEIVABLES (cont'd)**

**Trade Receivables (cont'd)**

The movements in allowance for impairment are as follows:-

	Group	
	2016	2015
	RM'000	RM'000
At 1 January	3,279	563
Impairment loss recognised	2	2,736
Impairment loss reversed	(47)	(20)
Impairment loss written off	(2)	0
Currency translation differences	(57)	0
At 31 December	<u>3,175</u>	<u>3,279</u>

All the above impairment losses were individually determined after considering the adverse financial conditions of the debtors who have defaulted/delayed in payments.

The ageing analysis of trade receivables not impaired is as follows:-

	Group	
	2016	2015
	RM'000	RM'000
Not past due	77,645	74,075
Past due 1 to 30 days	2,902	2,718
Past due 31 to 120 days	833	423
Past due more than 120 days	160	127
	<u>81,540</u>	<u>77,343</u>

Trade receivables that are neither past due nor impaired mainly relate to creditworthy customers who have regular transactions and good payment records with the Group.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**15. TRADE AND OTHER RECEIVABLES (cont'd)**

**Trade Receivables (cont'd)**

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2016, there was 1 (2015 : 1) major group of customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from this major group amounted to RM12,204,000 (2015 : RM10,181,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2016 RM'000	2015 RM'000
Malaysia	23,038	23,513
China	39,808	39,634
Indonesia	13,362	11,224
Others	5,332	2,972
	<u>81,540</u>	<u>77,343</u>

**Other Receivables**

Other receivables are unsecured and non-interest bearing. The amounts owing by subsidiaries are repayable on demand. The amounts owing by unrelated parties mainly consist of refundable deposits which have no fixed repayment terms.

**16. PREPAYMENTS**

Group

	2016 RM'000	2015 RM'000
Down payments for purchase of development land	0	2,260
Down payments for purchase of investment properties	3,631	0
Others	1,819	1,731
	<u>5,450</u>	<u>3,991</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**17. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term investments	0	1,009	0	1,009
Term deposits with licensed banks (fixed rate)	78,870	92,026	4,331	4,826
Cash and bank balances	31,770	42,957	36	238
	<u>110,640</u>	<u>135,992</u>	<u>4,367</u>	<u>6,073</u>

Certain term deposits of the Group totalling RM2,955,000 (2015 : RM2,742,000) have been pledged as security for credit facilities granted to the Group. Accordingly, these term deposits are not freely available for use.

Included in cash and bank balances of the Group are amounts totalling RM2,673,000 (2015 : RM4,510,000) held under Housing Development Accounts opened and maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

The effective interest rates of term deposits as at 31 December 2016 ranged from 0.05% to 5.00% (2015 : 0.05% to 5.00%) per annum.

The currency profile of cash and cash equivalents is as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	21,296	24,211	4,363	4,761
Renminbi	61,750	65,138	0	0
US Dollar	27,594	46,643	4	1,312
	<u>110,640</u>	<u>135,992</u>	<u>4,367</u>	<u>6,073</u>

For the purpose of statement of cash flows, cash and cash equivalents are presented net of pledged deposits as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and cash equivalents	110,640	135,992	4,367	6,073
Term deposits pledged as security	(2,955)	(2,742)	0	0
	<u>107,685</u>	<u>133,250</u>	<u>4,367</u>	<u>6,073</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**18. TRADE AND OTHER PAYABLES**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables:-				
- Related party <sup>(a)</sup>	1,722	1,685	0	0
- Related party <sup>(b)</sup>	1,469	952	0	0
- Unrelated parties	63,720	46,903	0	0
	<u>66,911</u>	<u>49,540</u>	<u>0</u>	<u>0</u>
Other payables:-				
- Subsidiaries	0	0	13,772	16,778
- Associates	7,887	7,520	7,853	7,520
- Other related party <sup>(b)</sup>	198	58	0	0
- Unrelated parties	20,128	19,525	5,704	4,833
	<u>28,213</u>	<u>27,103</u>	<u>27,329</u>	<u>29,131</u>
Contingent consideration - at fair value	5,550	0	0	0
	<u>100,674</u>	<u>76,643</u>	<u>27,329</u>	<u>29,131</u>

<sup>(a)</sup> Being a company in which a director has substantial financial interest

<sup>(b)</sup> Being companies in which close family members of certain directors have substantial financial interests

The currency profile of trade and other payables is as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	54,156	30,692	19,476	21,611
Renminbi	19,825	18,005	0	0
US Dollar	25,631	26,838	7,853	7,520
Others	1,062	1,108	0	0
	<u>100,674</u>	<u>76,643</u>	<u>27,329</u>	<u>29,131</u>

Except for contingent consideration, trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

**Trade Payables**

Trade payables are unsecured, non-interest bearing and generally on 30 to 120 day terms.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**18. TRADE AND OTHER PAYABLES (cont'd)**

**Other Payables**

Other payables are unsecured and non-interest bearing. The amounts owing to subsidiaries and associates are repayable on demand. The amounts owing to other related party and unrelated parties mainly consist of sundry payables and accruals for operating expenses which are generally due within 30 to 90 days.

**Contingent Consideration**

	Group	
	2016	2015
	RM'000	RM'000
Fair value at acquisition date	5,108	0
Fair value adjustment	442	0
Fair value at 31 December	5,550	0

**19. LOANS AND BORROWINGS**

Group

	2016	2015
	RM'000	RM'000
<u>Secured</u>		
Hire purchase payables (fixed rate)	478	0
Term loan (floating rate)	15,800	0
	16,278	0
Disclosed as:-		
- Current liabilities	1,144	0
- Non-current liabilities	15,134	0
	16,278	0

Hire purchase payables are secured against the asset acquired thereunder (Note 4). Term loan is secured against certain freehold land (Note 10).

The effective interest rates of loans and borrowings as at 31 December 2016 ranged from 4.66% to 5.05% per annum.

NOTES TO THE FINANCIAL STATEMENTS  
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**19. LOANS AND BORROWINGS (cont'd)**

**Hire Purchase Payables**

Hire purchase payables are repayable over 5 years. The repayment analysis is as follows:-

	2016 RM'000	2015 RM'000
Minimum hire purchase payments:-		
- Within 1 year	112	0
- Later than 1 year and not later than 2 years	112	0
- Later than 2 years and not later than 5 years	309	0
Total contractual undiscounted cash flows	533	0
Future finance charges	(55)	0
Present value of hire purchase payables:-		
- Within 1 year	92	0
- Later than 1 year and not later than 2 years	97	0
- Later than 2 years and not later than 5 years	289	0
	<u>478</u>	<u>0</u>

The fair values of hire purchase payables are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured are considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of hire purchase payables.

**Term Loan**

Term loan is repayable over 5 years. The repayment analysis is as follows:-

	2016 RM'000	2015 RM'000
Gross loan instalments:-		
- Within 1 year	1,843	0
- Later than 1 year and not later than 2 years	3,828	0
- Later than 2 years and not later than 5 years	10,527	0
- Later than 5 years	2,164	0
Total contractual undiscounted cash flows	18,362	0
Future finance charges	(2,562)	0
Present value of term loan:-		
- Within 1 year	1,052	0
- Later than 1 year and not later than 2 years	3,156	0
- Later than 2 years and not later than 5 years	9,468	0
- Later than 5 years	2,124	0
	<u>15,800</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS  
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**19. LOANS AND BORROWINGS (cont'd)**

**Term Loan (cont'd)**

The fair value of term loan is measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair value measured is considered to be reasonably close to the carrying amount reported as the observable current market interest rates also approximate to the effective interest rate of term loan.

**20. SHARE CAPITAL**

	2016 RM'000	2015 RM'000
Authorised:-		
1,000,000,000 ordinary shares of RM1.00 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid-up:-		
277,905,000 ordinary shares of RM1.00 each	<u>277,905</u>	<u>277,905</u>

**Purchase of Own Shares**

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 19 May 2010, approved the Company's plan to purchase its own shares. The directors are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders.

The details of the shares purchased from the open market using internally generated funds and held as treasury shares during the financial year are as follows:-

	2016		2015	
	No. of Shares '000	Cost RM'000	No. of Shares '000	Cost RM'000
At 1 January	14,035	18,038	13,795	17,778
Shares purchased	60	51	240	260
At 31 December	<u>14,095</u>	<u>18,089</u>	<u>14,035</u>	<u>18,038</u>
Average unit cost for the year (RM)		<u>0.850</u>		<u>1.083</u>

NOTES TO THE FINANCIAL STATEMENTS  
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**20. SHARE CAPITAL (cont'd)**

**Purchase of Own Shares (cont'd)**

The number of outstanding shares in issue after excluding the treasury shares is as follows:-

	2016 No. of Shares '000	2015 No. of Shares '000
At 1 January	263,870	264,110
Shares purchased	(60)	(240)
At 31 December	<u>263,810</u>	<u>263,870</u>

**21. NON-CONTROLLING INTERESTS ("NCI")**

Group

	Accumulated NCI		Loss Allocated to NCI	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
GUH Development Sdn. Bhd.	<u>7</u>	<u>11</u>	<u>(4)</u>	<u>(3)</u>

The details of the subsidiary that has NCI are as follows:-

Name of Subsidiary	Principal Place of Business	Effective Ownership Interest Held by NCI		Principal Activity
		2016	2015	
GUH Development Sdn. Bhd.	Malaysia	0.54%	0.54%	Property development

The summarised financial information (before inter-company eliminations) of the above subsidiary is as follows:-

	2016 RM'000	2015 RM'000
Non-current assets	14,715	14,648
Current assets	104	29
Current liabilities	(13,523)	(12,631)
Non-current liabilities	0	0
Net assets	1,296	2,046
Revenue	0	0
Loss (representing total comprehensive income)	(750)	(421)
Net cash from/(used in) operating activities	32	(27)
Net cash used in investing activities	(17)	(7)
Net cash from financing activities	0	0
Net cash inflow/(outflow)	<u>15</u>	<u>(34)</u>

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**22. REVENUE**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income from sale of goods	272,691	247,596	0	0
Income from sale of plantation produce	1,426	1,734	0	0
Income from rendering of services	0	0	5,056	4,694
Property development revenue	14,804	15,014	0	0
Contract revenue	25,740	20,259	0	0
Dividend income	173	42	14,473	22,771
Interest income	279	709	279	709
Rental income	7	19	38	38
	<u>315,120</u>	<u>285,373</u>	<u>19,846</u>	<u>28,212</u>

**23. PROFIT BEFORE TAX**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax is arrived at after charging:-				
Auditors' remuneration:-				
- Current year	210	195	46	38
- Prior year	1	(1)	0	0
Depreciation	14,146	14,208	300	290
Direct operating expenditure for investment properties:-				
- Generating rental income	4	3	23	11
- Not generating rental income	2	1	0	0
Fee expense for financial instruments not at fair value through profit or loss	282	634	1	1
Impairment loss on available-for-sale financial assets	345	847	345	847
Impairment loss on investments in subsidiaries <sup>(a)</sup>	0	0	0	2,055
Impairment loss on loans and receivables	2	2,736	0	0
Interest expense for financial liabilities not at fair value through profit or loss	17	0	0	0
Inventories written down	757	360	0	0

<sup>(a)</sup> Included in other operating expenses

NOTES TO THE FINANCIAL STATEMENTS  
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**23. PROFIT BEFORE TAX (cont'd)**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss on disposal of land held for property development	351	0	0	0
Loss on disposal of property, plant and equipment	0	79	0	0
Loss on fair value adjustment of contingent consideration	442	0	0	0
Loss on foreign exchange:-				
- Realised	0	0	29	0
- Unrealised	0	286	333	1,082
Property development costs	7,934	7,742	0	0
Property, plant and equipment written off	7	198	0	0
Rental of premises	257	279	108	108
and crediting:-				
Bad debts recovered	0	5	0	0
Compensation for loss of property, plant and equipment	0	96	0	0
Dividend income from:-				
- Subsidiaries	0	0	14,300	21,405
- Associate	0	0	0	1,324
- Quoted investments in Malaysia	173	42	173	42
Gain on derecognition of available-for-sale financial assets	200	405	200	405
Gain on disposal of investment properties	131	0	0	0
Gain on disposal of property, plant and equipment	108	0	21	0
Gain on dissolution of subsidiary	4	0	0	0
Gain on fair value adjustment of investment properties	1,732	1,100	0	1,925
Gain on financial instruments at fair value through profit or loss (classified as held for trading)	0	3	0	0
Gain on foreign exchange:-				
- Realised	1,170	4,121	0	0
- Unrealised	980	0	0	0
Interest income for financial assets not at fair value through profit or loss	3,100	4,674	279	709

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**23. PROFIT BEFORE TAX (cont'd)**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Rental income from:-				
- Investment properties	13	26	38	38
- Others	100	113	0	0
Reversal of impairment loss on investments in subsidiaries <sup>(b)</sup>	0	0	1,790	0
Reversal of impairment loss on loans and receivables	47	20	0	0
Reversal of inventories written down	583	130	0	0

<sup>(b)</sup> Included in other operating income

**24. EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries and bonuses	60,296	52,067	5,849	5,318
Defined contribution plans	5,654	5,101	846	775
Ex-gratia benefits	638	501	638	501
	66,588	57,669	7,333	6,594

**25. DIRECTORS' REMUNERATION**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fees	533	497	495	472
Salaries and bonuses	3,402	3,160	3,402	3,160
Defined contribution plans	622	578	622	578
Ex-gratia benefits	638	501	638	501
	5,195	4,736	5,157	4,711

The estimated monetary value of benefits-in-kind provided to certain directors by way of usage of the Group's assets and other similar benefits amounted to RM15,000 (2015 : RM15,000).

The directors' remuneration represents the entire key management personnel compensation of the Group and the Company as there were no other key management personnel apart from all the directors who have the authority and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**26. TAX EXPENSE**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Tax based on results for the year:-				
- Malaysian income tax	1,658	678	0	0
- Overseas income tax	4,015	4,432	0	0
- Real Property Gains Tax	39	0	0	0
- Deferred tax	(1,017)	(82)	0	97
	<u>4,695</u>	<u>5,028</u>	<u>0</u>	<u>97</u>
Tax (over)/under provided in prior years:-				
- Malaysian income tax	(245)	1	0	0
- Overseas income tax	(159)	7	0	0
- Deferred tax	51	870	0	0
Withholding tax on dividend from foreign subsidiary	0	2,840	0	0
	<u>4,342</u>	<u>8,746</u>	<u>0</u>	<u>97</u>

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Applicable tax rate	24.00	25.00	24.00	25.00
Non-deductible expenses	6.08	5.32	2.74	6.58
Non-taxable income	(2.60)	(3.92)	(33.22)	(31.94)
Reinvestment allowances claimed	(9.99)	(0.39)	0.00	0.00
Increase in unrecognised deferred tax assets	3.83	2.99	6.48	3.00
Effect of differential tax rates	(1.10)	(2.07)	0.00	(2.11)
Average effective tax rate	<u>20.22</u>	<u>26.93</u>	<u>0.00</u>	<u>0.53</u>

Pursuant to the Finance (No. 2) Act 2014 (Act 764) gazetted on 30 December 2014, the statutory income tax rate has been reduced from 25% to 24% for the financial year under review.

The tax saving of the Group for which credit has been taken in the current year as a result of the realisation of unused tax losses brought forward that had not been accounted for previously amounted to RM39,000 (2015 : NIL).

The Company may distribute its entire retained profits as tax exempt dividends under the single tier tax system.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**27. EARNINGS PER SHARE**

Group

The basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:-

	2016	2015
Profit for the financial year attributable to owners of the Company (RM'000)	<u>18,878</u>	<u>9,931</u>
Number of shares in issue at 1 January ('000)	263,870	264,110
Effect of shares purchased ('000)	(30)	(171)
Weighted average number of shares in issue ('000)	<u>263,840</u>	<u>263,939</u>
Basic earnings per share (sen)	<u>7.16</u>	<u>3.76</u>

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

**28. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS**

Group

**Purchase of Property, Plant and Equipment**

	2016	2015
	RM'000	RM'000
Cost of property, plant and equipment purchased	9,325	5,355
Amount financed through hire purchase	(500)	0
Net cash disbursed	<u>8,825</u>	<u>5,355</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**29. RELATED PARTY DISCLOSURES**

Other than the directors' remuneration as disclosed in Note 25, significant transactions with related parties during the financial year are as follows:-

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Dividend declared from associate	0	1,324	0	1,324
Dividends declared from subsidiaries	0	0	14,300	21,405
Rendering of management services to subsidiaries	0	0	5,056	4,694
Renting of premises from subsidiary	0	0	108	108
Renting of premises to subsidiary	0	0	38	38
Purchase of development land from other related party <sup>(a)</sup>	0	12,082	0	0
Purchase of goods from other related parties <sup>(a)</sup>	7,114	5,922	0	0
Purchase of property, plant and equipment from other related party <sup>(a)</sup>	0	16	0	0
Purchase of property, plant and equipment from other related party <sup>(b)</sup>	55	17	0	0
Receiving of services from other related parties <sup>(b)</sup>	2,583	1,132	0	0
Renting of premises from other related party <sup>(a)</sup>	144	138	0	0
Sale of goods to other related party <sup>(a)</sup>	755	631	0	0
Sale of property, plant and equipment to director	101	0	21	0

<sup>(a)</sup> Being companies in which certain directors have substantial financial interests

<sup>(b)</sup> Being companies in which close family members of certain directors have substantial financial interests

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**30. SEGMENT REPORTING**

Group

**Operating Segments**

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

- (i) Manufacture of printed circuit boards
- (ii) Property development
- (iii) Sale of electrical appliances
- (iv) Cultivation of oil palm
- (v) Water and wastewater treatment

No operating segments have been aggregated to form the above reportable segments.

The accounting policies and measurement bases of the segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

	Manufacture of printed circuit boards RM'000	Property develop- ment RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Water and wastewater treatment RM'000	Unallocated non- operating segments RM'000	Total RM'000
<u>2016</u>							
Segment assets	321,418	253,068	5,967	22,193	24,263	13,560	640,469
Investments in associates	0	0	0	0	0	18,282	18,282
Income tax assets	4	2,819	19	62	1,800	1	4,705
Total assets	321,422	255,887	5,986	22,255	26,063	31,843	663,456
Additions to non-current assets	7,625	789	9	61	528	313	9,325
Segment liabilities	48,317	27,222	1,574	88	9,072	19,242	105,515
Loans and borrowings	0	16,278	0	0	0	0	16,278
Income tax liabilities	14,184	1,353	2	102	0	1,220	16,861
Total liabilities	62,501	44,853	1,576	190	9,072	20,462	138,654
External revenue	264,699	14,810	7,993	1,426	25,740	452	315,120
Intersegment revenue	0	110	16	0	0	19,395	19,521
Total revenue	264,699	14,920	8,009	1,426	25,740	19,847	334,641
Segment profit/(loss)	25,940	1,442	208	482	(3,489)	(4,653)	19,930
Interest income	2,457	141	8	0	215	279	3,100
Interest expense	0	(8)	(9)	0	0	0	(17)
Share of profit of associates	0	0	0	0	0	203	203
Profit/(Loss) before tax	28,397	1,575	207	482	(3,274)	(4,171)	23,216
Tax (expense)/income	(4,324)	(494)	(4)	(103)	749	(166)	(4,342)
Profit/(Loss) for the financial year	24,073	1,081	203	379	(2,525)	(4,337)	18,874

NOTES TO THE FINANCIAL STATEMENTS  
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30. SEGMENT REPORTING (cont'd)

Operating Segments (cont'd)

	Manufacture				Unallocated		
	of printed circuit boards	Property develop- ment	Sale of electrical appliances	Cultivation of oil palm	Water and wastewater treatment	non- operating segments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2016 (cont'd)</u>							
Non-cash income	1,968	1,650	28	0	32	1	3,679
Depreciation	13,162	250	11	74	349	300	14,146
Other non-cash expenses	766	0	0	0	0	1,120	1,886
<u>2015</u>							
Segment assets	338,762	186,176	5,639	22,341	25,644	24,079	602,641
Investment in associate	0	0	0	0	0	7,367	7,367
Income tax assets	77	3,393	16	14	928	3	4,431
Total assets	338,839	189,569	5,655	22,355	26,572	31,449	614,439
Additions to non-current assets	4,951	26	16	203	125	34	5,355
Segment liabilities	47,796	12,221	1,458	47	2,828	12,386	76,736
Income tax liabilities	17,145	1,035	1	122	0	1,449	19,752
Total liabilities	64,941	13,256	1,459	169	2,828	13,835	96,488
External revenue	239,257	15,014	8,339	1,734	20,259	770	285,373
Intersegment revenue	0	0	14	0	0	26,192	26,206
Total revenue	239,257	15,014	8,353	1,734	20,259	26,962	311,579
Segment profit/(loss)	16,106	580	78	684	(1,469)	(4,203)	11,776
Interest income	3,513	295	5	0	152	709	4,674
Share of profit of associate	0	0	0	0	0	2,224	2,224
Profit/(Loss) before tax	19,619	875	83	684	(1,317)	(1,270)	18,674
Tax (expense)/income	(7,819)	(374)	0	(191)	253	(615)	(8,746)
Profit/(Loss) for the financial year	11,800	501	83	493	(1,064)	(1,885)	9,928
Non-cash income	995	0	22	0	110	1,083	2,210
Depreciation	13,389	154	12	65	264	324	14,208
Other non-cash expenses	3,186	0	0	103	169	1,929	5,387

NOTES TO THE FINANCIAL STATEMENTS  
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**30. SEGMENT REPORTING (cont'd)**

**Geographical Information**

In presenting information about geographical areas, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

	External Revenue		Non-current Assets	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Malaysia	127,795	110,630	254,321	221,223
China	124,235	125,952	63,787	70,849
Indonesia	44,665	37,096	0	0
Other countries	18,425	11,695	0	0
	<u>315,120</u>	<u>285,373</u>	<u>318,108</u>	<u>292,072</u>

**Major Customers**

For the financial year ended 31 December 2016, there was 1 major group of customers of the manufacture of printed circuit boards segment that contributed 10% or more of the Group's total revenue and the total revenue generated from this major group amounted to RM34,428,000. The Group did not have any major group of customers that contributed 10% or more of its total revenue for the financial year ended 31 December 2015.

**31. CAPITAL COMMITMENT**

Group

	2016	2015
	RM'000	RM'000
Contracted but not provided for:-		
- Investment properties	3,267	0
- Property, plant and equipment	62	476
	<u>3,329</u>	<u>476</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 32. CONTINGENT LIABILITIES - UNSECURED

Company

#### Financial Guarantee Contracts

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions and trade suppliers for credit facilities granted to certain subsidiaries up to a total limit of RM93,618,000 (2015 : RM48,818,000). The total utilisation of these credit facilities as at 31 December 2016 amounted to RM37,841,000 (2015 : RM22,760,000).

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.15. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

#### Performance Guarantee Contract

The Company has also entered into a performance guarantee contract up to a limit of RM35,736,000 (2015 : RM35,736,000) to guarantee the due performance of all the contract works by a subsidiary in a water treatment project.

### 33. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and other price risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

#### Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

### 33. FINANCIAL RISK MANAGEMENT (cont'd)

#### Credit Risk (cont'd)

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The credit risk in respect of property development activities is negligible as title will only be transferred upon receipt of full payment or undertaking of end-financing by the purchaser's end-financier.

#### Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

#### Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia ("RM") and Renminbi ("RMB") whereas the major foreign currency transacted is US Dollar ("USD").

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**33. FINANCIAL RISK MANAGEMENT (cont'd)**

**Currency Risk (cont'd)**

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group		Company	
	Increase/ (Decrease) in Profit 2016 RM'000	Increase/ (Decrease) in Profit 2015 RM'000	Increase/ (Decrease) in Profit 2016 RM'000	Increase/ (Decrease) in Profit 2015 RM'000
Appreciation of USD against RM by 10% (2015 : 10%)	1,061	3,447	(785)	(621)
Depreciation of USD against RM by 10% (2015 : 10%)	(1,061)	(3,447)	785	621
Appreciation of USD against RMB by 10% (2015 : 10%)	1,388	665	0	0
Depreciation of USD against RMB by 10% (2015 : 10%)	(1,388)	(665)	0	0

**Interest Rate Risk**

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and loans and borrowings.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments.

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss or as available-for-sale, any change in interest rates at the end of the reporting period would not affect its profit or loss or other comprehensive income. For floating rate financial instruments stated at amortised cost, the borrowing costs are being capitalised as part of the property development costs and any change in interest rates at the end of the reporting period also would not affect profit or loss or other comprehensive income.

**Other Price Risk**

The Group's exposure to other price risk arises mainly from quoted investments.

The Group manages its investments on an individual basis by continuously evaluating the share price movements, investment returns and the general industrial conditions relevant to the investees.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

**33. FINANCIAL RISK MANAGEMENT (cont'd)**

**Other Price Risk (cont'd)**

The Group's quoted investments are listed on Bursa Malaysia Securities Berhad. Based on the assumption that the share prices of these investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI"), the following table demonstrates the sensitivity of profit or loss and other comprehensive income ("OCI") to changes in FBMKLCI that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group and Company			
	Increase/ (Decrease) in Profit 2016 RM'000	Increase/ (Decrease) in Profit 2015 RM'000	Increase/ (Decrease) in OCI 2016 RM'000	Increase/ (Decrease) in OCI 2015 RM'000
Increase in FBMKLCI by 10% (2015 : 10%)	0	0	441	783
Decrease in FBMKLCI by 10% (2015 : 10%)	(27)	(99)	(414)	(684)

**34. CAPITAL MANAGEMENT**

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity (including non-controlling interests) and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity as follows:-

	Group	
	2016 RM'000	2015 RM'000
Total loans and borrowings	16,278	0
Total equity	524,802	517,951
Total capital	541,080	517,951
Debt-to-equity ratio	3.10%	0.00%

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

SUPPLEMENTARY INFORMATION  
- REALISED AND UNREALISED PROFITS OR LOSSES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained profits of the Company and its subsidiaries:-				
- Realised	259,720	251,222	126,878	124,892
- Unrealised	3,614	1,920	(430)	(1,179)
	<u>263,334</u>	<u>253,142</u>	<u>126,448</u>	<u>123,713</u>
Total share of retained profits of associates:-				
- Realised	4,957	4,754	0	0
- Unrealised	0	0	0	0
	<u>268,291</u>	<u>257,896</u>	<u>126,448</u>	<u>123,713</u>
Consolidation adjustments and eliminations	(98,488)	(96,531)	0	0
Total retained profits as per statement of financial position	<u>169,803</u>	<u>161,365</u>	<u>126,448</u>	<u>123,713</u>

The above supplementary information is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

ANALYSIS OF SHAREHOLDINGS

Issued Share Capital : 277,904,539 ordinary shares

Class of Shares : Ordinary Shares

Voting Rights : One vote per ordinary share

**Distribution Schedule of Shares**

As at 31 March 2017

Holdings	No. of Holders	Total Holdings	%
Less than 100	859	45,469	0.02
100 - 1,000	2,624	1,153,361	0.44
1,001 – 10,000	7,720	27,814,025	10.54
10,001 – 100,000	1,634	43,600,581	16.53
100,001 – less than 5% of issued shares	157	115,056,678	43.61
5% and above of issued shares	2	76,140,025	28.86
<b>Total</b>	<b>12,996</b>	<b>263,810,139</b>	<b>100.00</b>

Note: Excluding the treasury shares of 14,094,400

ANALYSIS OF SHAREHOLDINGS

**Substantial Shareholders**

As at 31 March 2017

No.	Name of Substantial Shareholders	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	HSBC Nominees (Asing) Sdn. Bhd. <i>HBAP For Gold Connection Assets Limited</i>	45,337,200	17.19	-	-
2.	Zun Holdings Sdn. Bhd.	30,802,825	11.68	-	-
3.	Puan Sri Datin Seri Ang Gaik Nga	11,494,500	4.36	30,802,825 <sup>a</sup>	11.68
4.	Dato' H'ng Chun Hsiang	2,316,000	0.88	30,802,825 <sup>a</sup>	11.68
5.	H'ng Hsieh Fern	2,304,000	0.87	30,802,825 <sup>a</sup>	11.68
6.	Datin Jessica H'ng Hsieh Ling	2,263,500	0.86	30,802,825 <sup>a</sup>	11.68
7.	H'ng Chun Ching	2,250,000	0.85	30,802,825 <sup>a</sup>	11.68
8.	Tan Sri Dato' Seri H'ng Bok San	-	-	51,430,825 <sup>b</sup>	19.50

**Directors' Shareholding**

As at 31 March 2017

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Seri H'ng Bok San	-	-	51,430,825 <sup>b</sup>	19.50
2.	Dato' Kenneth H'ngBak Tee	-	-	1,591,350 <sup>c</sup>	0.60
3.	Dato' Harry H'ng Bak Seah	2,561,928	0.97	-	-
4.	Datin Jessica H'ng Hsieh Ling	2,263,500	0.86	30,802,825 <sup>a</sup>	11.68
5.	Lai Chang Hun	2,737,932	1.04	3,576,880 <sup>d</sup>	1.36
6.	Wan Ismail Bin Wan Nik	3,699,950 <sup>e</sup>	1.40	-	-
7.	Chew Hock Lin	-	-	-	-
8.	Dato' Ismail Bin Hamzah	-	-	-	-
9.	Dato' Gan Kong Meng	-	-	-	-

Notes:

- <sup>a</sup> Deemed interest via shares held by Zun Holdings Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016
- <sup>b</sup> Deemed interest via shares held by Zun Holdings Sdn. Bhd., his spouse and children by virtue of Sections 8 and 59(11)(c) of the Companies Act 2016
- <sup>c</sup> Deemed interest via shares held by his spouse and son by virtue of Section 59(11)(c) of the Companies Act 2016
- <sup>d</sup> Deemed interest via shares held by Laico Jaya Sdn. Bhd., and his children by virtue of Sections 8 and 59(11)(c) of the Companies Act 2016
- <sup>e</sup> 3,662,250 shares are pledged under HLB Nominees (Tempatan) Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

**Thirty (30) Largest Shareholders**

As at 31 March 2017

No.	Name of Securities Account Holders	No. of Shares	%
1.	HSBC Nominees (Asing) Sdn. Bhd. <i>HBAP For Gold Connection Assets Limited (PB-SGDIV501999)</i>	45,337,200	17.19
2.	Zun Holdings Sdn. Bhd.	30,802,825	11.68
3.	Puan Sri Datin Seri Ang Gaik Nga	11,494,500	4.36
4.	Song Siew Gnoh	9,650,767	3.66
5.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Deutsche Bank AG Singapore For Yeoman 3-Rights Value Asia Fund (PTSL)</i>	7,000,000	2.65
6.	Kan Yu Oi Ling	4,280,575	1.62
7.	Siaw Poon Keong	4,269,400	1.62
8.	Tay Teck Ho	4,170,000	1.58
9.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for W Ismail Bin W Nik</i>	3,662,250	1.39
10.	Laico Jaya Sdn. Bhd.	3,464,344	1.31
11.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt An for DBS Bank Ltd (SFS)</i>	3,190,100	1.21
12.	Lai Chang Hun	2,737,932	1.04
13.	Howell Chen Chung	2,494,500	0.95
14.	Shoptra Jaya (M) Sdn. Bhd.	2,490,150	0.94
15.	Dato' H'ng Chun Hsiang	2,316,000	0.88
16.	H'ng Hsieh Fern	2,304,000	0.87
17.	Datin Jessica H'ng Hsieh Ling	2,263,500	0.86
18.	H'ng Chun Ching	2,250,000	0.85
19.	Dato' Harry H'ng Bak Seah	2,241,528	0.85
20.	How Kim Chai	1,780,500	0.67
21.	Zulkifli Bin Hussain	1,539,000	0.58
22.	Affin Hwang Nominees (Asing) Sdn. Bhd. <i>DBS Vickers Secs (S) Pte Ltd for Lim Mee Hwa</i>	1,350,000	0.51
23.	Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. <i>Tham Hooi Loon (0151)</i>	1,333,950	0.51
24.	Alliance Group Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chong Yiew On (6000006)</i>	1,317,700	0.50
25.	RHB Nominees (Tempatan) Sdn. Bhd. <i>DBS Vickers Secs (S) Pte Ltd for Kuok Khoo Ho</i>	1,218,472	0.46
26.	CIMSEC Nominees (Asing) Sdn. Bhd. <i>Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	1,204,100	0.46
27.	Affin Hwang Nominees (Asing) Sdn. Bhd. <i>Exempt An for DBS Vickers Securities (Singapore) Pte Ltd (Clients)</i>	1,196,536	0.45
28.	Koperasi Permodalan Felda Malaysia Berhad	1,070,000	0.41
29.	Teo Kwee Hock	937,900	0.36
30.	Lee Sai Kim	890,000	0.34

LIST OF PROPERTIES  
As at 31 December 2016

No.	Address/ Location	Tenure	Description	Area (square metre)	Approximate Age of properties/ buildings	Net Book Value (RM'000)	Date of Re-Valuation
1	Plot 1240 & 1241, Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas 11900 Penang	Leasehold 60 years Expiring on 27/8/2041	Office/ Factory building	16,339	30 years	23,228	31/12/2013
2	Plot 208A Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang	Leasehold 60 years Expiring on 20/10/2049	Office/ Factory building	6,167	30 years	7,940	31/12/2013
3	160-4-3 Anson Road, 10400 Penang	Freehold	Apartment	153	35 years	635	31/12/2016
4	588 Changjiang Road, New District Suzhou, Jiangsu, China	Leasehold 50 years Expiring on 17/8/2047	Office/ Factory building	53,325	19 years	44,930	31/12/2013
5	Unit 16, Rose Garden Xiang Xie Mountain Villa Resort No. 289 Jin San Road, Mudu Town, Wuzhong District, 215101 Suzhou Jiangsu Province, China	Leasehold 70 years Expiring on 17/5/2068	Bungalow	232	18 years	1,846	31/12/2013
6	Along Kuala Lumpur/ Seremban Highway, Pekan Bukit Kepayang, District of Seremban Negeri Sembilan	Freehold	Ongoing mixed development scheme known as Taman Bukit Kepayang	488,854	-	23,567	30/9/2004
7	Along off Jalan Simpang Ampat Mukim 14 & 15 District of Seberang Perai Tengah, Pulau Pinang	Freehold	Ongoing mixed development scheme known as Simpang Ampat	186,246	-	59,324	27/03/2014
8	Lot No. 1377 Mukim 12, Province Wellesley South, Penang	Freehold	Industrial Land	26,100	-	13,008	29/07/2015
9	Lot No. 1690, Mukim 12, Province Wellesley South, Penang	Freehold	Industrial Land	22,720	-	10,516	29/07/2015
10	Lot No. 1692, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	21,250	-	8,000	31/12/2016
11	Lot No. 1693, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	1,998	-	520	31/12/2016
12	27 Jalan Serendah 26/40 Kawasan Perindustrian Hicom Seksyen 26, 40400 Shah Alam Selangor	Freehold	3-Storey Semi-D factory	819	3 years	4,592	-
13	Lot No. 5 Mukim Telui Kiri, Daerah Kuala Muda, Kedah	Freehold	Agricultural land	1,551,773	-	21,200	31/12/2016
14	4935 Jalan Siram, 12100 Butterworth, Penang	Freehold	3-storey terrace shophouse	511	25 years	848	31/12/2013
15	17 Jalan Nafiri, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shophouse	251	24 years	400	31/12/2016
16	Flat No. 27-C, Unit 75, 3rd Floor, Jalan Tembikai, Taman Mutiara, 14000 Bukit Mertajam, Penang	Freehold	3rd floor of a 3-storey shophouse	86	29 years	51	31/12/2013
17	1-1-05 No. 1, Persiaran Bukit Jambul 1, Complex Relau, 11900 Penang	Freehold	Shophouse	86	22 years	277	31/12/2016
18	Unit No. 24, 25, 27, 91, 100, 101 & 103 Lembah Beringin, Sector 26-2, Selangor	Freehold	7 units of double storey terrace houses	1,169	18 years	-	31/12/2009

**Revaluation Policy**

The land and buildings of the Group were revalued by firms of independent professional valuers using open market value basis.

Revaluation of these assets will be conducted in an interval of at least once in every five years.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 53rd Annual General Meeting (“AGM”) of GUH Holdings Berhad (“the Company”) will be held at the Auditorium of the Company at 2nd Floor, Plot 1240 & 1241, Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang on Tuesday, 23 May 2017 at 10:30 a.m. to transact the following businesses:

### AGENDA

#### As Ordinary Business

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors’ fees for the financial year ended 31 December 2016. **Resolution 1**
3. To approve the payment of Directors’ fees and benefits of up to an amount of RM950,000 with effect from 1 January 2017 until the next AGM of the Company to be held in 2018. **Resolution 2**
4. To re-elect the following Directors who retire by rotation pursuant to Article 99 of the Company’s Articles of Association and being eligible, offer themselves for re-election:
  - (i) Dato’ Kenneth H’ng Bak Tee **Resolution 3**
  - (ii) Dato’ Harry H’ng Bak Seah **Resolution 4**
  - (iii) Dato’ Ismail Bin Hamzah **Resolution 5**
5. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the financial year ending 31 December 2017 and to authorize the Directors to fix their remuneration. **Resolution 6**

#### As Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

#### 6. ORDINARY RESOLUTION –

##### RE-APPOINTMENT OF DIRECTORS OVER THE AGE OF 70 YEARS

To re-appoint the following Directors, retiring under the resolutions passed at the last AGM of the Company pursuant to Section 129 of the Companies Act, 1965 (which was then in force):

- (i) “THAT approval be and is hereby given to Mr. Chew Hock Lin, retiring under the resolution passed at the last AGM of the Company pursuant to Section 129 of the Companies Act, 1965 (which was then in force), to continue to act as a Director of the Company” **Resolution 7**
- (ii) “THAT approval be and is hereby given to Mr. Lai Chang Hun, retiring under the resolution passed at the last AGM of the Company pursuant to Section 129 of the Companies Act, 1965 (which was then in force), to continue to act as a Director of the Company” **Resolution 8**
- (iii) “THAT approval be and is hereby given to Tan Sri Dato’ Seri H’ng Bok San, retiring under the resolution passed at the last AGM of the Company pursuant to Section 129 of the Companies Act, 1965 (which was then in force), to continue to act as a Director of the Company” **Resolution 9**

## NOTICE OF ANNUAL GENERAL MEETING

### 7. ORDINARY RESOLUTION –

#### RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

To retain the following Directors who have served for more than nine years as Independent Non-Executive Directors of the Company:

- (i) “THAT approval be and is hereby given to Dato’ Ismail Bin Hamzah who has served as Independent Non-Executive Director for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 10**
- (ii) “THAT approval be and is hereby given to Mr. Chew Hock Lin who has served as Independent Non-Executive Director for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 11**
- (iii) “THAT approval be and is hereby given to Mr. Lai Chang Hun who has served as Independent Non-Executive Director for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 12**
- (iv) “THAT approval be and is hereby given to En. Wan Ismail Bin Wan Nik who has served as Independent Non-Executive Director for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 13**

### 8. ORDINARY RESOLUTION –

#### AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorized to issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued, pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued, subject always to the approval of all relevant regulatory bodies being obtained for such issues.”

### 9. ORDINARY RESOLUTION –

#### PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

“THAT subject to the Company’s compliance with all applicable rules, regulations and orders made pursuant to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of all other relevant authorities, the Company be and is hereby authorized to utilize an amount not exceeding the total retained profits of the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Malaysia Securities Berhad at any given point in time (“Proposed Share Buy-Back”).

AND THAT the Directors of the Company be and are hereby authorized to deal with the shares so purchased by the Company pursuant to the Proposed Share Buy-Back in the following manner:



## NOTICE OF ANNUAL GENERAL MEETING

- (i) to retain the shares as treasury shares; and/or
- (ii) to cancel the shares; and/or
- (iii) to resell the shares; and/or
- (iv) to distribute as share dividends; and/or
- (v) any combination of the above; and/or

in any other manner as prescribed by the Companies Act 2016, rules, regulations and orders made pursuant to the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any other relevant authority for the time being in force;

AND THAT such authority for the Proposed Share Buy-Back conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM, at which time the said authority shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

AND THAT, the Directors of the Company or any of them be and are hereby authorized to take all such steps as are necessary or expedient to implement, finalize and to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations, and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.”

10. **ORDINARY RESOLUTION –**

**Resolution 16**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties, which are necessary for the day-to-day operations, in the ordinary course of business, made at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those normally available to the public and are not to the detriment of the minority shareholders, details are set out in the Circular to Shareholders dated 28 April 2017; AND THAT the authority conferred by this mandate shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at that AGM;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but not extending to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

**NOTICE OF ANNUAL GENERAL MEETING**

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

whichever is earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transaction contemplated and/or authorized by this Ordinary Resolution.”

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

By Order of the Board,

**Dato' Kenneth H'ng Bak Tee** (LS0008988)  
**Kee Gim Tee** (MAICSA 7014866)  
Company Secretaries

Penang  
Dated this 28 April 2017

## NOTICE OF ANNUAL GENERAL MEETING

### Notes:

1. Every Member is entitled to appoint a proxy/proxies (or in the case of a corporation to appoint a representative) to attend and vote in his place. A proxy/proxies need not be a Member of the Company. The proxy/proxies appointed shall have the same right as the Member to speak at the Meeting.
2. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting and where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorized in writing, and in the case of corporation, either under the Common Seal or signed by its attorney or an officer duly authorized.
4. Where a Member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. Any instrument appointing a proxy or the power of attorney or other authority, if any must be deposited at the Company's Registered Office at Part of Plot 1240 & 1241 Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
6. In respect of deposited securities, only a Depositor whose name appears on Record of Depositors as at 17 May 2017 shall be regarded as Member to attend, speak and vote at this Meeting or appoint proxy to attend, speak and vote on his stead.

### Audited Financial Statements for the financial year ended 31 December 2016

7. This Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. Shareholders' approval is not required. Hence, this Agenda item will not be put forward for voting.

### Payment of Directors' fees and benefits in respect of the current year 2017 until the next AGM

8. Pursuant to Section 230(1) of the Companies Act 2016 which came into force on 31 January 2017, fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, the Board agreed to obtain shareholders' approval at the Company's 53rd AGM for the payment of Directors' fees and benefits in respect of the current year 2017 up till the next AGM of the Company to be held in 2018 in accordance with the remuneration structure set out below.

The remuneration structure payable to the Directors are as follows:

#### Remuneration Structure:

Directors' fees	RM575,000
Advisory fees	RM255,000
Meeting allowances	RM 45,500

### Explanatory Notes to Special Business:

#### Resolution 7, 8 & 9 – Re-appointment of Directors

The following Directors who are over the age of 70 years, were re-appointed by shareholders at the Company's 52nd AGM held last year on 24 May 2016 pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of the Company's 53rd AGM which will be held on Tuesday, 23 May 2017.

- (i) Mr. Chew Hock Lin
- (ii) Mr. Lai Chang Hun
- (iii) Tan Sri Dato' Seri H'ng Bok San

## NOTICE OF ANNUAL GENERAL MEETING

In accordance with the Companies Act 2016 which came into force on 31 January 2017, there is no longer an age limit for the office of Directors. Therefore, the proposed Resolution 7, 8 and 9, if passed, will enable Mr. Chew Hock Lin, Mr. Lai Chang Hun and Tan Sri Dato' Seri H'ng Bok San to be re-appointed and continue in office as Directors of the Company without limitation in tenure.

### **Resolution 10, 11, 12 & 13 – Retention of Independent Non-Executive Directors**

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Resolution 10, 11, 12 and 13 are to enable Dato' Ismail Bin Hamzah, Mr. Chew Hock Lin, Mr. Lai Chang Hun and En. Wan Ismail Bin Wan Nik to continue serving as Independent Directors of the Company to fulfil the requirements of Paragraph 3.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board of Directors had via the Nomination Committee conducted the annual performance evaluation and assessment of independence of the Directors. The justifications of the Board of Directors for recommending and supporting the resolutions for their continuing in office as Independent Directors are set out below:

Justifications:

- (a) Fulfils the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (b) Provide the Board with diverse set of experience, skills and expertise in the relevant field/business industry;
- (c) Sufficient time and attention to their professional obligations for informed and balanced decision making; and
- (d) Able to bring independent and objective judgment to the Board deliberations and their position in the Board has not been compromised by their familiarity and long relationship with other Board members.

### **Resolution 14 – Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Resolution 14 is a renewal of the general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the 52nd AGM held on 24 May 2016. As at the date of this Notice, the Company has not issued any new shares pursuant to the authority given at the last 52nd AGM which will lapse at the conclusion of the 53rd AGM to be held on 23 May 2017. The proposed Resolution 14, if passed, will give authority to the Directors of the Company to issue and allot shares up to and not exceeding 10% of the total number of issued shares of the Company for the time being without convening a general meeting which will be both time and cost consuming. The authority given pursuant to Sections 75 and 76 of the Companies Act 2016 will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing up shares, for purpose of funding future investment, working capital and/or acquisition.

### **Resolution 15 – Proposed renewal of Share Buy-Back authority**

The proposed Resolution 15, if passed, would empower the Directors of the Company to purchase its own shares through Bursa Malaysia Securities Berhad up to 10% of the total number of issued shares of the Company. Further information is set out in the Share Buy-Back Statement dated 28 April 2017, which is dispatched together with the Company's Annual Report 2016.

### **Resolution 16 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

The proposed Resolution 16, if passed, would allow the Company and/or its subsidiaries and related companies to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations with the related parties.

This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM, or the expiration of the period within which the next AGM is required by law to be held, or revoked or varied by an ordinary resolution passed by the shareholders of the Company in general meeting, whichever is earlier. Further information is set out in the Circular to Shareholders dated 28 April 2017, which is dispatched together with the Company's Annual Report 2016.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There are no individual who are standing for election as Director (excluding Directors standing for re-election at the forthcoming AGM).

1. The Directors who are retiring pursuant to Article 99 of the Articles of Association of the Company and seeking re-election are:
  - i. Dato' Kenneth H'ng Bak Tee
  - ii. Dato' Harry H'ng Bak Seah
  - iii. Dato' Ismail Bin Hamzah

Further details of the above Directors are set out in the section entitled "Profile of Directors" on pages 4 to 9. Their shareholdings in the Company are stated on page 55 of the Financial Statements of the Company's Annual Report 2016.

## GENERAL MANDATE FOR ISSUE OF SECURITIES

(Pursuant to Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

This general mandate for issue of shares was sought for at the AGM in the preceding year. The Board did not carry out the mandate since the last AGM of the Company until the latest practicable date before the printing of this Annual Report 2016. This mandate will expire on 23 May 2017 and a renewal of this authority will be sought at the 53rd AGM.

The mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for the purpose of funding further investment project, working capital and/or acquisition.

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# PROXY FORM

<b>No. of Shares Held</b>

I/We ..... NRIC/Company No. ....  
*Full Name (in BLOCK)*

of .....  
*Address*

being a Member/Members of GUH HOLDINGS BERHAD hereby appoint:

Name/NRIC No.	No. of Shares	Percentage (%)	
Proxy .....	.....	.....	and/or;
Proxy .....	.....	.....	;

or failing him, the Chairman of the Meeting as my/our proxy(ies) to vote for me/us and on my/our behalf at the 53rd Annual General Meeting ("AGM") of the Company to be held at the Auditorium of the Company at 2nd Floor, Plot 1240 & 1241 Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang on Tuesday, 23 May, 2017 at 10:30 a.m. and at any adjournment thereof.

*Please indicate with an "X" as to how you wish to cast your vote. If no instruction as to voting is given, the proxy will vote or abstain from voting at his discretion.*

Ordinary Business		For	Against
To approve the payment of Directors' fees for the financial year ended 31 December 2016	Resolution 1		
To approve the payment of Directors' fees and benefits of up to RM950,000 with effect from 1 January 2017 until the next AGM of the Company	Resolution 2		
To re-elect Dato' Kenneth H'ng Bak Tee who is retiring pursuant to Article 99 of the Company's Articles of Association	Resolution 3		
To re-elect Dato' Harry H'ng Bak Seah who is retiring pursuant to Article 99 of the Company's Articles of Association	Resolution 4		
To re-elect Dato' Ismail Bin Hamzah who is retiring pursuant to Article 99 of the Company's Articles of Association	Resolution 5		
To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorize the Directors to fix their remuneration	Resolution 6		
Special Business		For	Against
To re-appoint Mr. Chew Hock Lin to continue to act as a Director of the Company	Resolution 7		
To re-appoint Mr. Lai Chang Hun to continue to act as a Director of the Company	Resolution 8		
To re-appoint Tan Sri Dato' Seri H'ng Bok San to continue to act as a Director of the Company	Resolution 9		
To approve Dato' Ismail Bin Hamzah to continue in office as Independent Non-Executive Director	Resolution 10		
To approve Mr. Chew Hock Lin to continue in office as Independent Non-Executive Director	Resolution 11		
To approve Mr. Lai Chang Hun to continue in office as Independent Non-Executive Director	Resolution 12		
To approve En. Wan Ismail Bin Wan Nik to continue in office as Independent Non-Executive Director	Resolution 13		
Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Resolution 14		
Proposed renewal of Share Buy-Back Authority	Resolution 15		
Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Resolution 16		



Dated this ..... day of ....., 20 .....

.....  
 Signature of Member/Common Seal

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Notes:

1. Every Member is entitled to appoint a proxy/proxies (or in the case of a corporation to appoint a representative) to attend and vote in his place. A proxy/proxies need not be a Member of the Company. The proxy/proxies appointed shall have the same right as the Member to speak at the Meeting.
2. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting and where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorized in writing, and in the case of corporation, either under the Common Seal or signed by its attorney or an officer duly authorized.
4. Where a Member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. Any instrument appointing a proxy or the power of attorney or other authority, if any must be deposited at the Company's Registered Office at Part of Plot 1240 & 1241 Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
6. In respect of deposited securities, only a Depositor whose name appears on Record of Depositors as at 17 May 2017 shall be regarded as Member to attend, speak and vote at this Meeting or appoint proxy to attend, speak and vote on his stead.

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stamp here

The Company Secretary

# **GUH HOLDINGS BERHAD**

Part of Plot 1240 & 1241,  
Bayan Lepas Free Industrial Zone,  
Phase 3, Bayan Lepas,  
11900 Penang, Malaysia

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[www.guh.com.my](http://www.guh.com.my)