



GUH HOLDINGS BERHAD

(4104-W)



Annual Report 2017

VISION

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

SHAREHOLDERS

EMPLOYEES

CUSTOMERS

COMMUNITY

MISSION

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



GUH

CORPORATE PROFILE

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

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

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/Group 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. W Ismail Bin W Nik
Independent Non-Executive Director

Dato' Dr. 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

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

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

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
 78 years old, 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 54th 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 pages 111 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 all of the 4 Board meetings which were held in the financial year ended 31 December 2017.

PROFILE OF DIRECTORS



Dato' Kenneth H'ng Bak Tee

DPNS, DSPN, PKT, PJM
 Chief Executive Officer/
 Group Managing Director
 58 years old, Malaysian

Dato' Kenneth H'ng Bak Tee has been appointed to the Board as the Chief Executive Officer/Group Managing Director of GUH since 1 September 2004. He also serves as the 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 54th 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 pages 111 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 4 Board meetings which were held in the financial year ended 31 December 2017.

PROFILE OF DIRECTORS



Dato' Harry H'ng Bak Seah

DSPN, PJK

Non-Executive Director
68 years old, 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/Group 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 54th 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 pages 111 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 4 Board meetings which were held in the financial year ended 31 December 2017.



Datin Jessica H'ng Hsieh Ling

Non-Executive Director
52 years old, 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 Risk Management & Sustainability Committee and the Remuneration 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/Group 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 54th 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 pages 111 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 3 out of the 4 Board meetings which were held in the financial year ended 31 December 2017.

PROFILE OF DIRECTORS



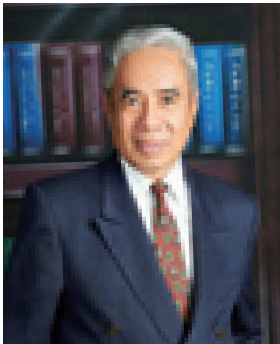
Mr. Chew Hock Lin
Independent
Non-Executive Director
74 years old, Malaysian

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 the Risk Management & Sustainability Committee. He is also a member of the Nomination Committee and the Remuneration Committee of the Board. He has been appointed as 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 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 4 Board meetings which were held in the financial year ended 31 December 2017.



Dato' Ismail Bin Hamzah
AMN, KMN, DIMP
Independent
Non-Executive Director
71 years old, 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 the Risk Management & Sustainability Committee. Dato' Ismail sits on the Boards of a few public listed companies, namely Engtex Group Berhad, SCC Holdings 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 4 Board meetings which were held in the financial year ended 31 December 2017.

PROFILE OF DIRECTORS



Mr. Lai Chang Hun
DJN, PKT
 Independent
 Non-Executive Director
 80 years old, 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 4 Board meetings which were held in the financial year ended 31 December 2017.



En. W Ismail Bin W Nik
 Independent
 Non-Executive Director
 71 years old, Malaysian

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

En. W 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. W 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. W 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. W Ismail attended all of the 4 Board meetings which were held in the financial year ended 31 December 2017.

PROFILE OF DIRECTORS



Dato' Dr. Gan Kong Meng

*DSDK, PSPP, SDK, DJN, BCN, SMP, AMK,
KMN, PPA, PhD*

Independent
Non-Executive Director
63 years old, Malaysian

Dato' Dr. Gan Kong Meng was appointed as an Independent Non-Executive Director on 1 June 2015. He is a member of the Audit Committee appointed by the Board. He is currently a Senior Vice President for corporate integrity/surveillance & security and Chairman for credit review and risk assessment/investor relations 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' Dr. Gan graduated from the University Science Malaysia with a Bachelor of Science Degree in Physics & Mathematics, a Master of Social Science Degree in Anthropology/Sociology and he also obtained a PhD in Drug Research.

Dato' Dr. 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' Dr. Gan's vast experience will benefit the Group in beefing up the security and risk management issues.

Save as aforesaid disclosed, Dato' Dr. 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' Dr. Gan 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' Dr. Gan attended all of the 4 Board meetings which were held in the financial year ended 31 December 2017.

PROFILE OF MANAGEMENT TEAM

DR. BRIAN KOK SIEW FOONG

General Manager – Electronic Division
61 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. LIM CHIN WANG

Senior General Manager – Utilities Division
39 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 16 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 January 2018

MR. SUNNY LIM HIONG CHAI

Deputy General Manager – Properties Division
56 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:

- 1 January 2018

MR. LEOW CHEE JIAN

Deputy General Manager – Properties Division
52 years old, Male, Malaysian

Qualifications:

- Certificate in Architecture
- Diploma in Civil and Structure Engineering

Working experiences:

- More than 28 years of experience in construction and property development inclusive of design, planning, implementation, marketing and sale administration

Appointment to the current position:

- 1 January 2018

PROFILE OF MANAGEMENT TEAM

MS. YEOH SAW GAIK

*General Manager – Corporate Office
Aged 48, 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 October 2017

MR. LEWIS H'NG CHUN LI

*Chief Operating Officer – Corporate Office
Aged 30, 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.
- Personal Assistant to CEO/Group Managing Director of GUH Holdings Berhad
- General Manager of Corporate Division of GUH Holdings Berhad
- Chief Operating Officer of GUH Holdings Berhad

Appointment to the current position:

- 1 October 2017

Mr. Lewis H'ng Chun Li is the son of Dato' Kenneth H'ng Bak Tee, CEO/Group 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 table at the forthcoming 54th Annual General Meeting.

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 2017.

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 challenging environment in year 2017, there was an increase of RM41.0 million in Group revenue of RM356.1 million compared to the Group revenue of RM315.1 million recorded in the preceding year. Nevertheless, the Group recorded a lower profit before tax of RM5.6 million, a substantial decrease of RM17.6 million against the profit before tax of RM23.2 million recorded in year 2016, mainly attributable to the lower profit before tax recorded by the Electronic Division due to shortfall from the subsidiaries namely GUH Circuit Industry (Suzhou) Co. Ltd, GUH Circuit Industry (PG) Sdn. Bhd. and Grand United (BVI) Co. Ltd.

Significant Event

The Company entered into a Lease Agreement on 23 February 2018 with Leader Solar Energy II Sdn. Bhd. ("the Lessee") to lease part of its agricultural land measuring approximately 71.967 acres or 3,134,865 square feet situated at Lot No. 5, Pekan Bukit Selambau, Daerah Kuala Muda, Kedah held under Geran No. 87076 for a period of 23 years for the Lessee to develop, operate and maintain the large scale solar power generation plant on a build-operate-own basis.

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 2017.

Corporate Governance

In line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance, 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 2017.

Dividend

The Company has consistently paid dividends while allocating funds for business growth and investment. For the financial year ended 31 December 2017, GUH declared distribution of one (1) treasury share for every twenty five (25) existing ordinary shares held ("share dividend"). A total of 10,551,929 share dividends have been credited into the respective Depositors' Securities Accounts of the entitled shareholders maintained with Bursa Malaysia Depository Sdn. Bhd. on 16 October 2017.

Related Party Transactions

The related party transactions of the Group are disclosed in Note 28 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' Annual General Meeting held on 23 May 2017. 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

Notwithstanding the continuous challenging and volatile market condition forecast in year 2018, the Company will strive through the adverse situation by adopting a cautious approach. The Electronic Division foresees a growth demand for printed circuit boards in year ahead whereas the Properties Division anticipates property sales to remain slow in view of the tough property market condition. The Utilities Division expects better earnings on active tendering of new water projects and higher construction progress of existing water projects in year 2018.

Appreciation

The Board and I would like to take this opportunity to express our sincere thanks and appreciation to the management and staff for their continuous valuable contribution, loyalty and dedication to the Group. We also wish to record our gratitude to our 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



Dato' Kenneth H'ng Bak Tee
DPNS, DSPN, PKT, PJM
CEO/Group Managing Director

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 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the financial year ended 31 December 2017, there was an increase of RM41.0 million in GUH Group revenue of RM356.1 million compared to RM315.1 million for year 2016.

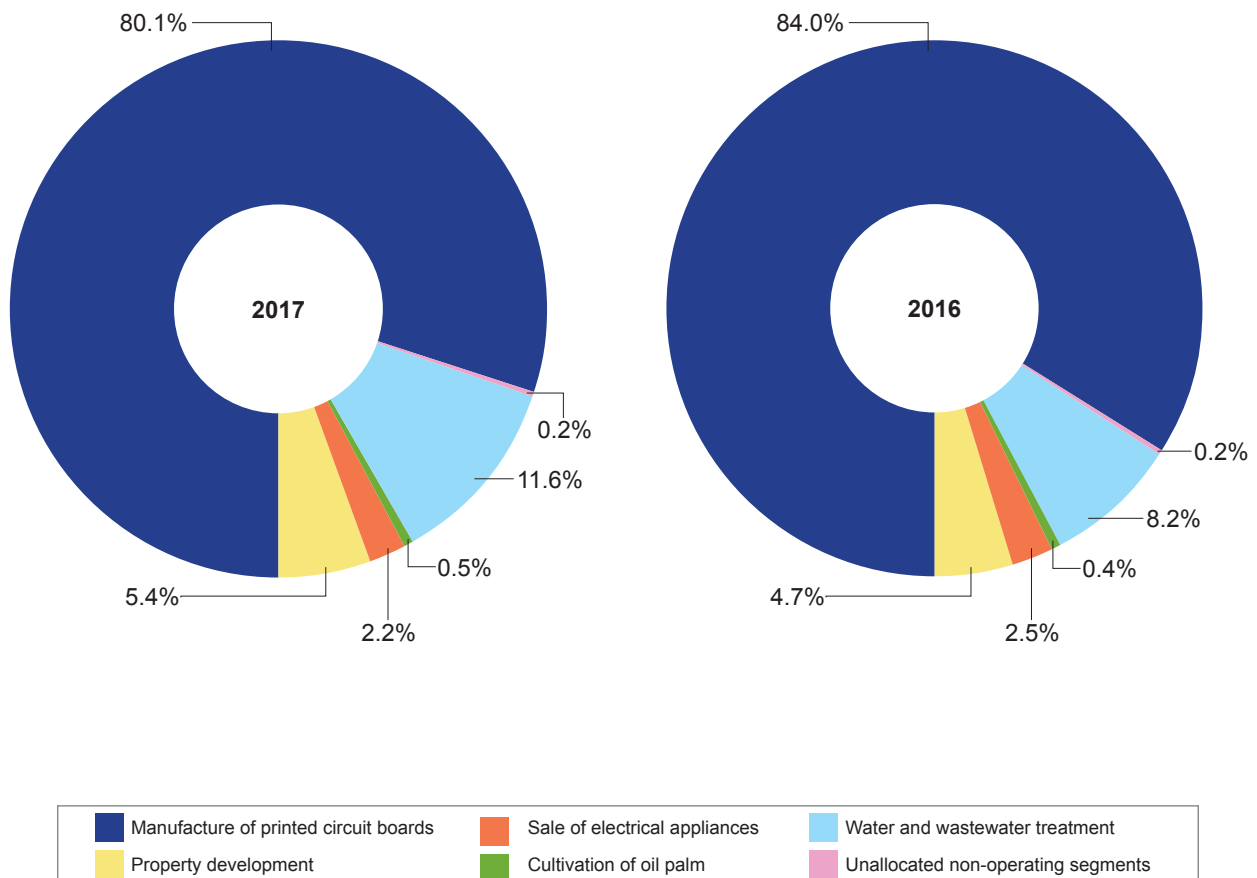
Electronic Division had a higher contribution of RM285.3 million or 80.1% of Group revenue (year 2016: RM264.7 million or 84.0%).

Utilities Division brought in RM41.3 million or 11.6% of Group revenue (year 2016: RM25.7 million or 8.2%) mainly contributed by the water projects of its subsidiary known as Teknoserv Engineering Sdn. Bhd.

In addition, the Group's Properties Division improved its contribution to RM19.3 million or 5.4% of Group revenue (year 2016: RM14.8 million or 4.7%) in tandem with higher sale of residential property units. Plantation and Investment Divisions improved slightly to RM1.9 million and RM0.6 million or 0.5% and 0.2% of Group revenue (year 2016: RM1.4 million and RM0.5 million or 0.4% and 0.2%).

Nevertheless, there was a drop in revenue contributed from Electrical Division to RM7.7 million or 2.2% of Group revenue (year 2016: RM8.0 million or 2.5%) mainly due to dip in sale of building materials.

GUH GROUP REVENUE BY SEGMENT



MANAGEMENT'S DISCUSSION AND ANALYSIS

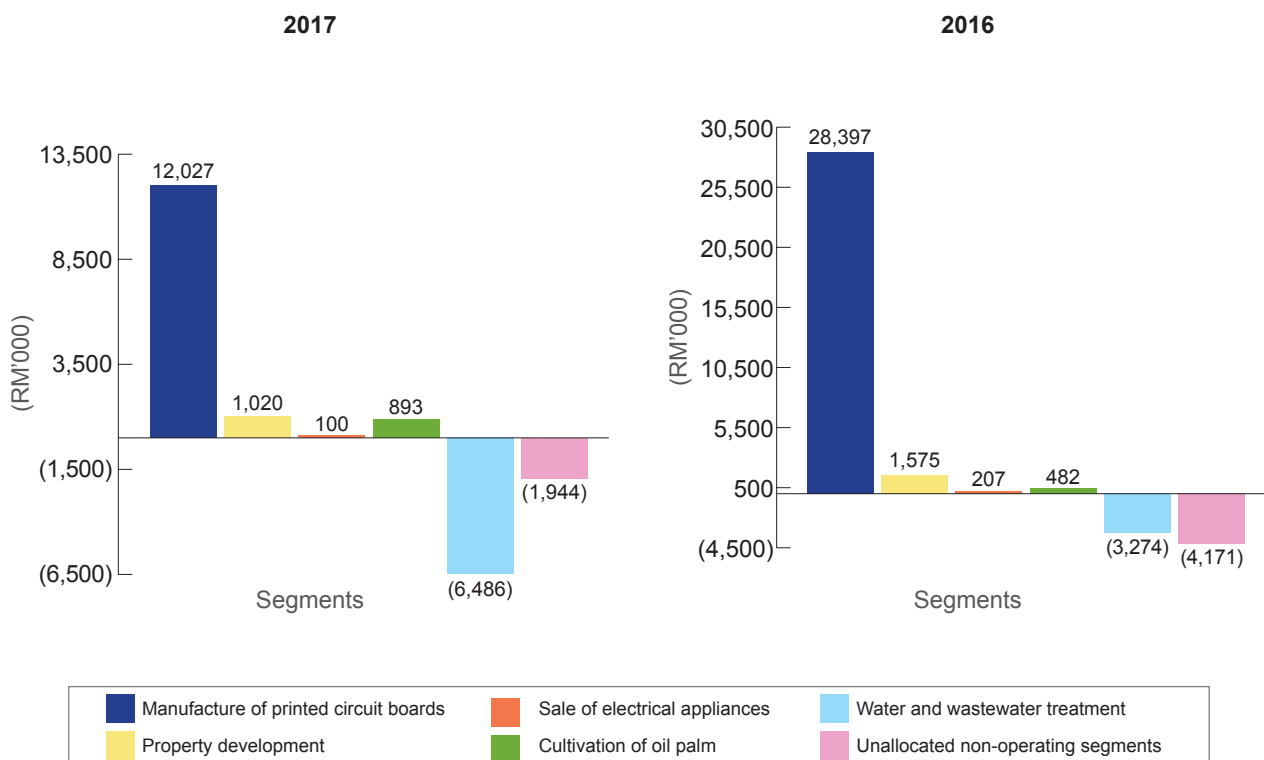
It was a tough business environment for GUH through the year 2017, recording a lower profit before tax of RM5.6 million which was RM17.6 million lower than profit before tax of RM23.2 million for year 2016. The decrease in profit before tax was mainly attributable to the lower profit before tax of RM12.0 million recorded by the Electronic Division compared to profit before tax of RM28.4 million from year 2016 mainly due to shortfall from its subsidiaries namely GUH Circuit Industry (Suzhou) Co. Ltd., GUH Circuit Industry (PG) Sdn. Bhd. and Grand United (BVI) Co. Ltd. of RM9.1 million, RM6.6 million and RM0.3 million respectively. Apart from that, the Utilities Division suffered a further loss before tax of RM3.2 million compared to year 2016 mainly due to impairment loss on goodwill of RM3.3 million.

Electrical Division also recorded a negative variance of RM2.2 million for year 2017 compared to profit before tax of RM1.9 million for year 2016 mainly due to lower gain on fair value adjustment of investment properties of RM1.6 million, higher advertising expenses of RM0.3 million and lower gain on disposal of investment properties of RM0.1 million for GUH Realty Sdn. Bhd. In addition, there was a negative variance of RM0.3 million in contribution from associates mainly due to share of loss in Cambodia Utilities Pte. Ltd. of RM0.4 million on higher management fee.

Nevertheless, there was a decrease of RM2.6 million in loss before tax for year 2017 for Investment Division compared to loss before tax of RM4.4 million for year 2016 mainly caused by gain on fair value adjustment of investment property of RM2.1 million in year 2017. Excluding the gain on fair value adjustment of investment properties of RM1.6 million in year 2016, Properties Division reported a profit before tax of RM1.0 million in year 2017 mainly contributed by liquidated ascertained damages claim of RM1.0 million.

As for Plantation Division, there was an improvement of RM0.4 million in profit before tax compared to year 2016 mainly due to higher fresh fruit bunches output and average selling prices.

GUH GROUP PROFIT/ (LOSS) 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)****Aspirations**

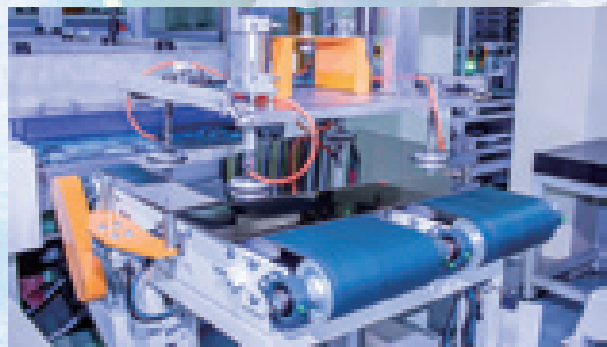
GUH PG aspires to achieve Best-In-Class standard in its products, thus as its driving values the principles of uncompromised quality, customer peace of mind and responsibility for every unit of product that is produced from the factory. The driving values are supported by its quality objectives of reliable service, quality products, timely delivery and competitive pricing.

GUH PG ended year 2017 with significant improvement in customers confidence and this is evidential in more customer RFQs, customer visits and upward trends in the multi-layered PCBs. The achievement of the ROLAND Malaysia Best Quality Award of year 2017 reinforces customer's endorsement of the Quality pedigree of its products.

Strategies and Value Creation

Four years ago, GUH PG changed its main strategy of selling on low prices to the strategy and principle of selling at the right price rather than the lowest price and the slogan of "we sell more than PCBs" was embraced. In order to support the above, customers expectations were drafted and communicated to all department heads and then cascaded down to each and every person in GUH PG as the guiding principles and pillars of value creation. Its customers expectations list include trouble free delivered quality, a good manufacturing system, disciplined work force, demonstration of TPM and 5S, Kanban practices, a prompt marketing and sales response and quality samples and reports. In order to achieve this right mindset, education, motivation, training and reward systems as a continuous improvement element has been put in its Quality Management System.

Through the years of 2013 to 2017 GUH PG has developed technical capabilities that include 3 mil pitch and 3 mil lines, Ball Grid Arrays of 0.25mm hole size, multiple designed-in impedance control coupons, liquid solder resist plug hole techniques, masking free via hole walls techniques and gold plating evenness capable of meeting telecommunication equipment standards. In year 2017, GUH PG started to ship six layer PCBs to Japan thus setting the stage for an ambitious higher layer count as well as challenging itself to a more stringent customers expectations. A strategic investment of RM16.4 million in plant and machinery to upgrade capacity and quality capability was completed in year 2017. A sum of RM4.1 million was further invested in facilities to support the plant and machinery upgrading. The upgrading thus sets year 2018 on the right footing of value added products, and improved quality, service and delivery indices.

**Significant Business Segments**

The inheritance from preceding years of GUH PG carried an unhealthy behavioral pattern of heavy dependence on audio and video product market with a "spiky" seasonal demand, which needed heavy capacity and labor utilization for some months and drastic underutilization for some months, thus resulting in the impact of an unwieldy business model. The decline of the audio and video end-product market compounded the problem resulting in "price wars" among audio PCB makers. This situation drove the GUH PG management team to attempt an end-product diversifying strategy.

Hence, with determined efforts invested, GUH PG projections for year 2018 end product segmentation make-up is expected to be distributed more evenly. GUH PG anticipates a balancing effect of less audio PCBs in percentage but not in overall meter squares. A leveling effect on demand versus capacity shall ensue and shall improve on the scenario of low demand months of January, February and March and very busy months of July, August and September.

Revenue, Profit Sustainability and Investments

The revenue of GUH PG for year ended 2017 improved significantly compared with the year 2016 and profit before tax stabilized to the norm of a growing PCB manufacturer of double-sided and multi-layered PCBs. To counter the unavoidable declining demand in traditional audio and video products and a price erosion trend, GUH PG has taken steps to market PCBs in Thailand and Indonesia. In Malaysia, insistent and determined efforts were made to market and sell to two fast growing Japan based manufacturers sited in Malaysia producing air-

MANAGEMENT'S DISCUSSION AND ANALYSIS

conditioners and musical instruments. The expectation of this strategy was to dilute the dependence on traditional audio and visual products and thus mitigate revenue decline as well as profitability impact due to price erosion.

GUH PG works towards successfully increasing its business to renowned air-conditioners manufacturers in Thailand due to quality, response time of samples, uncompromised delivery and the undertaking of responsibility of any product shipped. The competitive advantages that GUH PG recognizes were people motivation, exposure, training and focused investments on Best-In-Class machinery and equipment. Thus to reinforce such good practices, in year 2017, GUH PG embarked on a machinery and equipment investment plan that brought the Outer-layer capacity to 50,000m² per month and the Inner-layer capacity to 10,000m² per month together with the investment of High Speed Fly-Probes, Automatic Visual Inspection Machines (AVIs) and Automatic Optical Inspection Machines (AOIs).

Threats and Mitigating Actions

Copper clad laminates are major material used for making PCBs and its price have been moving upwards since year 2016 due to the supply of copper foil being diverted to making batteries for electric vehicles and other battery operated products. This scenario has not only caused CCL prices to increase significantly but has resulted in an "avalanched" shortage situation. GUH PG managed to control the supply situation with very close

monitoring based on customers demand and forecast, material in hand, MRL (minimum reorder level) plus calculated safety stock, material in transit and daily communications to supplier and customer. GUH PG is also negotiating with customers for a reasonable price increase in line with CCL price increase. As an interim report on this issue, it has stabilized the situation.

On 20 December 2017, the Malaysian Government announced the new rule that employers need to pay the levy for workers and for GUH PG it was RM1850.00 per worker per annum. A further detrimental factor in addition to the problem of availability of workers, the lengthy application processes and raising labor cost due to the minimum wage rule mandated in January 2013.

GUH PG action plans are to gradually implement semi-automation of identified areas to mitigate and reduce reliance on workers for repetitive tasks. Nevertheless, despite the presence of these regulation changes, with management pro-activeness the prospects for year 2018 is expected to remain sustainable for GUH PG.

Overall Prospects

GUH PG expects the overall prospects for year 2018 to be bright with product quality well accepted by customers and all Quality Management System audits passed effortlessly. Customers visiting GUH PG increased significantly due to its principles of "selling a solution" and customer confidence assurance rather than just PCBs.

GUH Circuit Industry (Suzhou) Co. Ltd. (GUH SZ)

The revenue of GUH SZ for year 2017 of RM125.5 million was slightly lower than year 2016 of RM126.2 million. Profit before tax also decreased by RM9.3 million (61.6%) from RM15.1 million in year 2016 to RM5.8 million in year 2017. Benchmarking with similar industries, GUH SZ remains moderate growth and profitable.

GUH SZ is glad to have customers from the list of Fortune Global 500 which plays an important role in maintaining its sustainability in China market. GUH SZ's strategies to develop new potential customers continue especially with Japanese based customers.

The continuous increment in production costs attributed to external factors coupled with labor cost, labor shortage and the stringent rules and regulations especially on environment, work safety and fire protection are some of the elements that had caused less efficient and weaker PCB manufacturers to move out from China to other countries in Asia Pacific region such as Thailand and Vietnam.

However, GUH SZ is always ready to take up the challenges with forward preparations and implementing visionary strategies to cater the foreseen threats. GUH SZ is also able to withstand against the threats by undertaking various action plans which include cost

reduction strategies in manufacturing operations, supplier management, logistic and stringent budgetary control to remain competitive.

Other challenges include stiff competition from similar well managed local Chinese PCBs 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.

While maintaining existing products, GUH SZ will move towards more niche market application and continue to focus on diverse range of products including automotive and home appliances. This new business expansion will generate additional sales revenue with better profit margin while maximizing the utilization of production capacity. GUH SZ will continue to upgrade its production capability and its operation excellence to gain customers confidence and future business sustainability.

Despite total sales revenue of GUH SZ decreased marginally in year 2017 as compared to the preceding year, it is confident that the GUH SZ will be able to sustain and be profitable in year 2018 and beyond to its manufacturing operation excellence, good quality products and reputable market image.

MANAGEMENT'S DISCUSSION AND ANALYSIS

PROPERTIES 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)

The revenue and profit before tax of GUH Properties improved by RM4.5 million and RM1.3 million respectively. This can be explained by the effort it has put into advertising as well as promoting to attract sales volume during the year. However, with the low oil price, the depreciation of Ringgit Malaysia, and tightening of credit rules for housing loan, it is expected that the short-term outlook for the property market is going to be weak. In order to capture property market share, GUH Properties will continue to identify the demands of the marketplace and construct products that appeal to a wide segment of the market.

GUH Properties has also embarked on high-end landed guarded residential development situated on higher ground. The said development which is augmented by impressive landscape, is strategically located where shopping malls, medical centres, commercial hubs, and sports centres are within short distance.

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 township development with conceptual landscape and infrastructure, lifestyle shops, housing projects and commercial hub. Launches are scheduled in the near future.

GUH Realty has acquired the relevant authority approvals and soft launched the light industry project of approximately 17 acres land at Sungai Bakap, Pulau Pinang. Site work is anticipated to kick off in year 2018.

Besides, Milan Diamond, the wholly-owned subsidiary

of GUH Asset Holdings Sdn. Bhd., has started the construction of an international school buildings and the buildings are anticipated to complete by middle of 2018. The land and buildings are leased to Straits International Education Group (SIEG) on a long term lease.

Due to the current challenging economic environment and rising cost of living, extra effort will be required to boost sales. Properties Division will need to adopt more aggressive marketing strategies to promote and to counter stiff competition among property players. Properties Division continuously organizes events, road shows, exhibitions, private previews, and other form of advertisements to attract market attention and awareness towards the Group of Companies. With these continuous efforts, we believe the Properties Division will achieve the business objectives for the year ahead.

Moving forward, the Properties Division will embark on integrated commercial project with retail outlets, recreation and leisure facilities, food and beverage outlets, shops and offices as its strategic location is an advantage and will spur greater demand.

With the introduction of the above diverse range of property development, different market needs and demands will be captured. Therefore, the Properties Division has strategized its position to diversify its source of income and profit from different range of property development products.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

UTILITIES DIVISION

Water & Wastewater Solutions

Teknoserv Engineering Sdn.Bhd. (Teknoserv)

The revenue increased from RM25.7 million in year 2016 to RM41.4 million in year 2017. The growth in revenue was due to recognition of sales from maturation of on-going projects. Teknoserv's order book stands at RM134.0 million as at December 2017.

Teknoserv is currently focusing on implementing and completing the on-going seven projects which consist of two water treatment plant projects, four sewerage related projects and one industrial wastewater upgrading project.

In view of the intense competition among service providers, players are more apt to outbid each other in order to secure market share. Following this and the need to remain viable, Teknoserv has to offer attractive packages to secure contracts especially during economic downturn. To remain competitive, we have established strong networking with supply chain and sub-contractors in order to achieve competitive pricing. On top of that, the management and its staff have always maintained 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 Ringgit Malaysia during procurement stage for imported equipment are another major threat to Teknoserv. In order to mitigate this, Teknoserv team



always check for materials and equipment prices and the validity on regular basis. The team will also discuss to 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. The management team is also actively looking for investment opportunities in water and sewerage concession or build, own, operate (BOT) project.



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.

During the year, GUH BW went through a challenging environment due to soften property market, the revenue decreased 3.8%, from RM8.0 million in year 2016 to RM7.7 million in year 2017. The decrease is mainly due to lower revenue from building materials, however offset by growth in electrical products' revenue. GUH BW has been widening its range of products under the house-brand "LEB", to maximize margin, in addition to the current product range of fittings, ballasts, industrial fan, LED tube and flexible cables. The LEB brand has expanded to include LED surface lights, LED strips and universal switches.

GUH BW continues to be one of the top distributors of established brands of electrical installation materials



such as Schneider and continues sourcing and engaging new or other established products that will contribute to its revenue.

GUH BW maintains an optimistic outlook for the Division. Year 2017 was a year of macroeconomic difficulty and challenging with unpredictable markets. GUH BW enters year 2018 with engaged and committed team to focus on realizing operational efficiencies to drive profitability growth.

PLANTATION DIVISION**GUH Plantations Sdn. Bhd. (GUH Plantations)**

GUH Plantations is committed to achieve its target by completing two rounds harvesting in a month and to send all harvested fresh fruits bunches to the oil mill within 24 hours to ensure good quality fresh fruits bunches in order to obtain highest oil extraction rate offered by oil mill.

Crude Palm Oil price is determined by Malaysian Palm Oil Board. GUH Plantations could enjoy maximum selling price if maintaining maximum oil extraction rate.

Another factor affecting GUH Plantations revenue is its yield. Yield has been increased by 26% comparing to year 2016 (3022mt versus 2395mt) with yield per acre per year at 8.16mt. The yield is slightly higher than average yield in comparison as recorded in the Malaysian Palm Oil Board report for Kedah.

Plantation yield is directly influenced by weather and rainfall. Major cost for GUH Plantations is purchasing of fertilizers. Fertilizers prices could be affected by foreign currency exchange rate and fluctuation of crude oil prices.

Crude Palm Oil price is expected to fluctuate from RM2450 to RM2500 per metric ton.

Due to continuous increase in plantation land in Malaysia, expansion in plantation division may require huge capital investment therefore there are plans to lease land or to propose joint ventures with plantation land owners as alternative.



MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL POSITION OF GUH GROUP

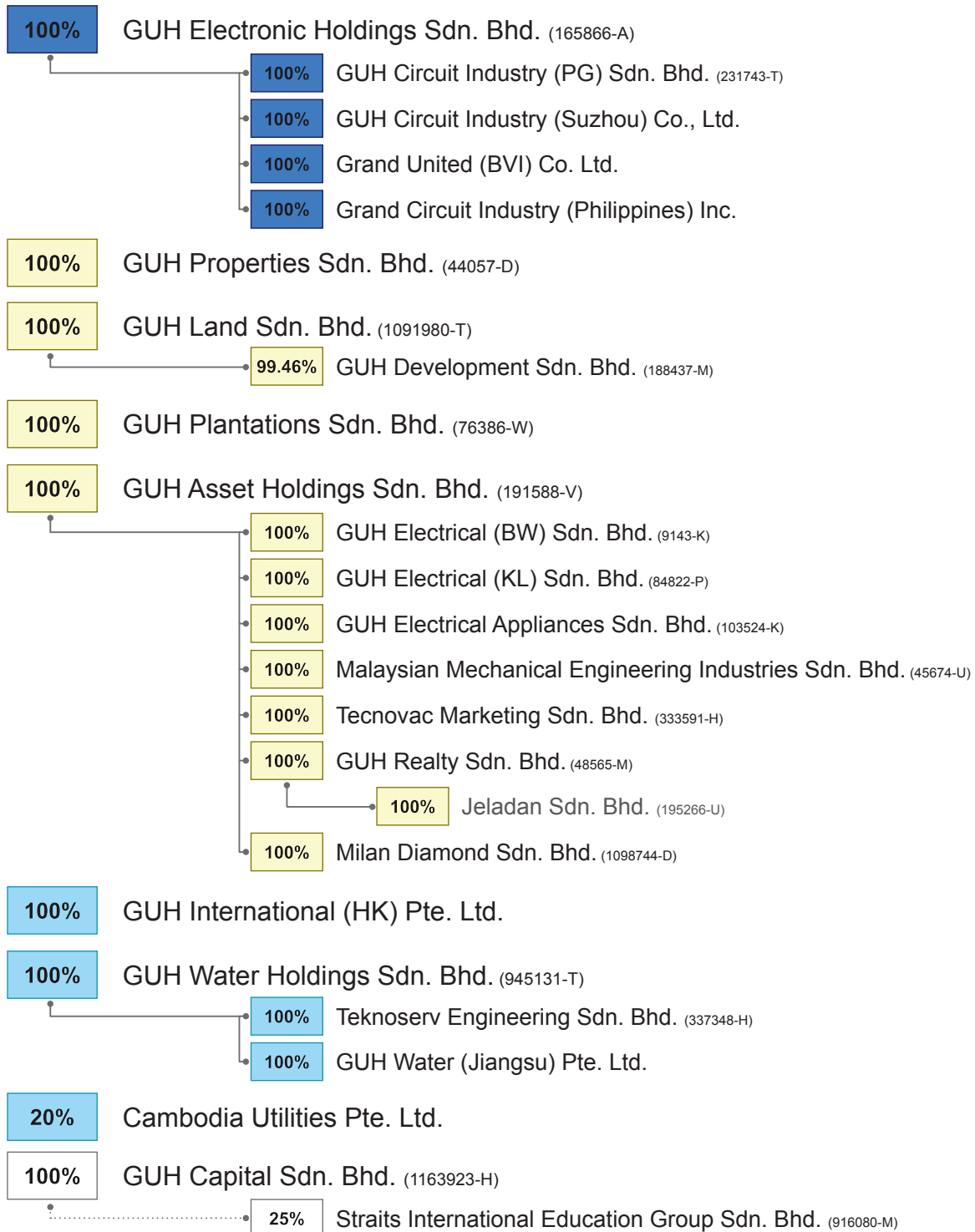
As at 31 December 2017, GUH Group's total assets grew to RM679.4 million from RM663.5 million at end of the previous financial year. The increase was mainly attributed to the purchase of property, plant and equipment and additions of investment properties, which were funded through both internally and externally generated funds. GUH Group's inventories increased by 37.0% to RM67.0 million as at 31 December 2017 from RM48.9 million at end of the previous financial year mainly due to higher purchase of raw materials and increase in completed property units. Consequently, GUH Group recorded lower cash and cash equivalents of RM96.2 million as at 31 December 2017 compared to RM110.6 million at end of the previous financial year.

GUH Group's total liabilities increased by 16.7% to RM161.9 million as at 31 December 2017 from RM138.7 million at end of the previous financial year mainly due to the significant hike in GUH Group's loans and borrowings to RM45.2 million from RM16.3 million at end of previous financial year to finance property development projects and purchase of machineries. With the additional loans and borrowings, GUH Group's gearing ratio increased to 8.7% as at 31 December 2017 compared to 3.1% as at 31 December 2016.

GUH Group's treasury share stood at RM4.5 million as at 31 December 2017, down 75.1% compared to RM18.1 million at end of the previous financial year following the distribution of 1 treasury share for every 25 existing ordinary shares held in year 2017.

Overall, GUH Group registered lower net assets per share attributable to owners of the Company of RM1.89 as at 31 December 2017 compared to RM1.99 as at 31 December 2016.

CORPORATE STRUCTURE

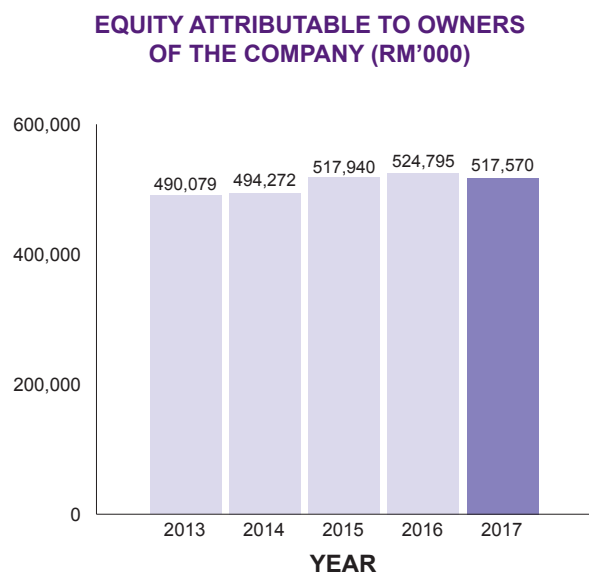
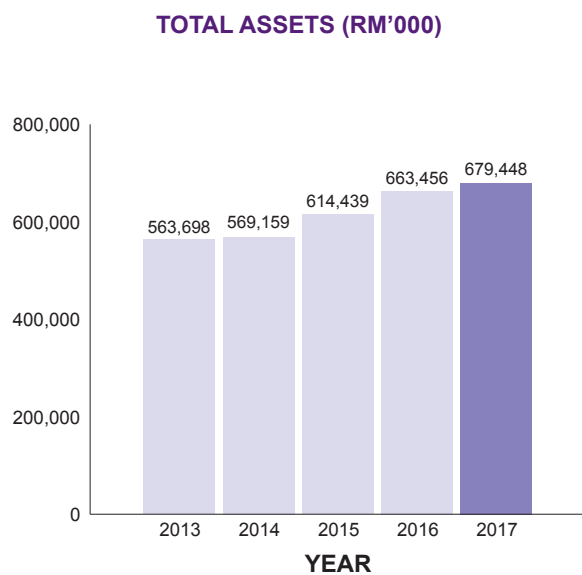
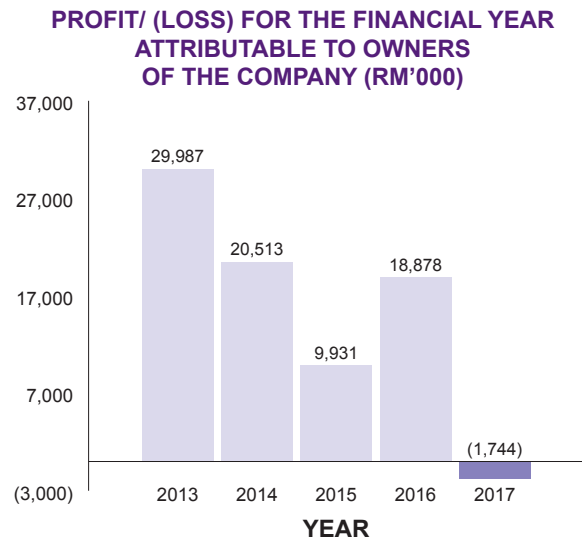
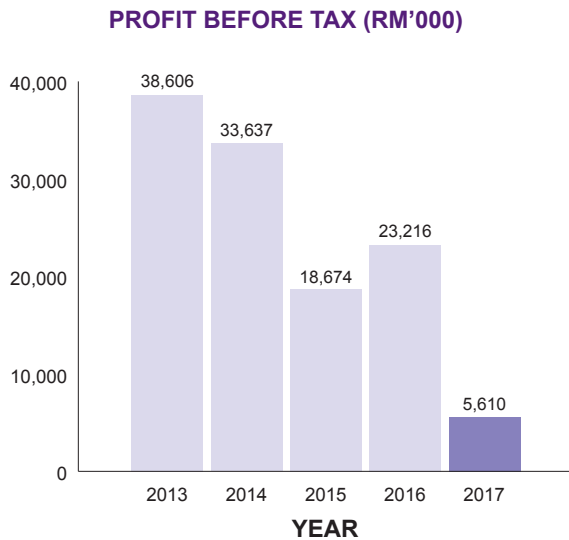
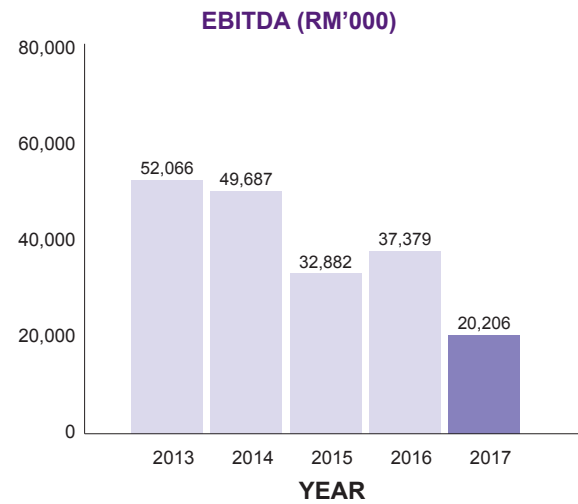
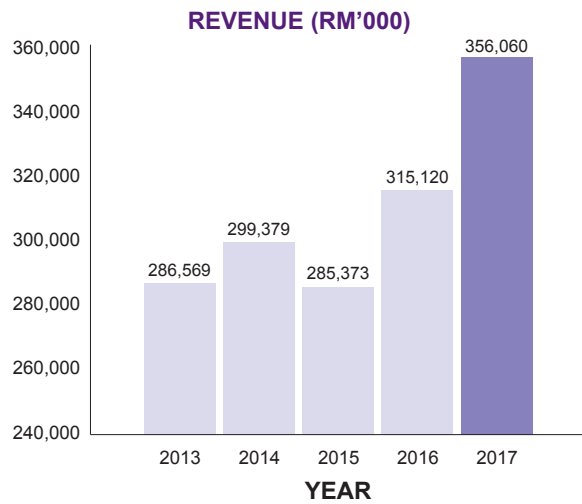


 Electronic Division

 Properties & Plantation Division

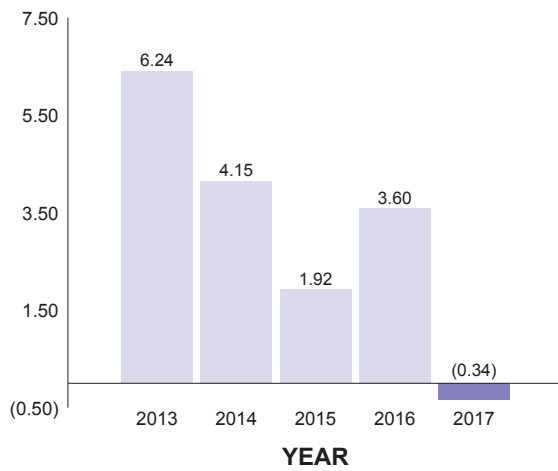
 Utilities Division

FINANCIAL HIGHLIGHTS

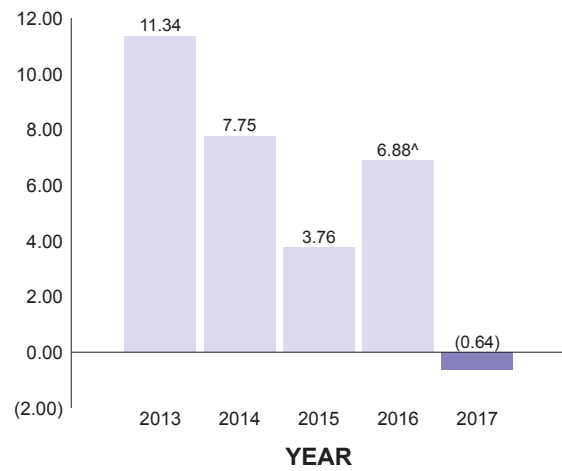


FINANCIAL HIGHLIGHTS

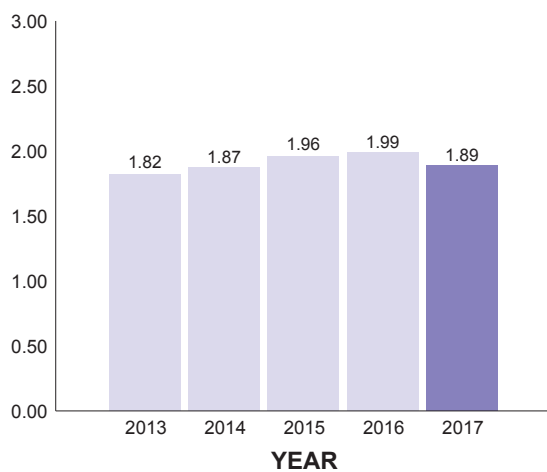
RETURN ON TOTAL EQUITY (%)



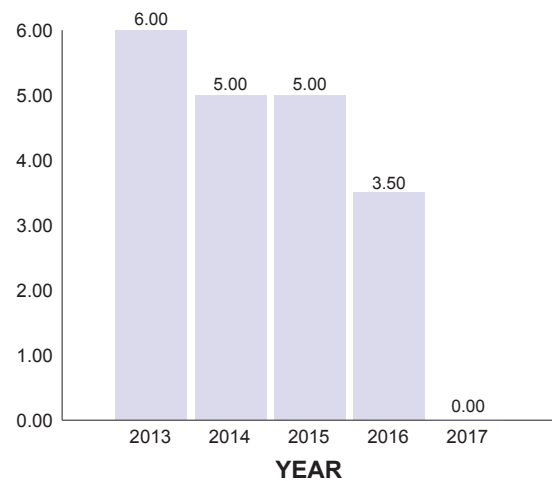
BASIC EARNINGS/ (LOSS) PER SHARE (SEN)



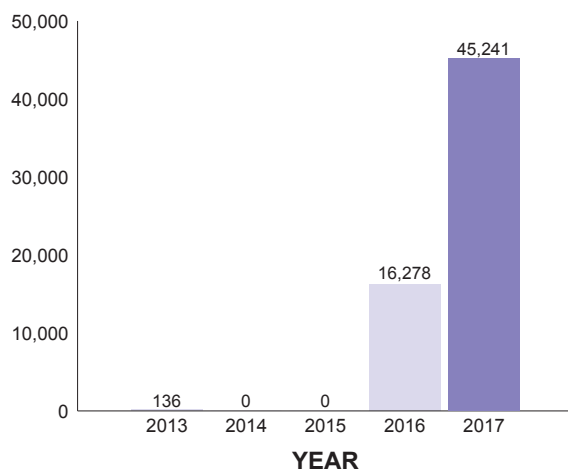
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)



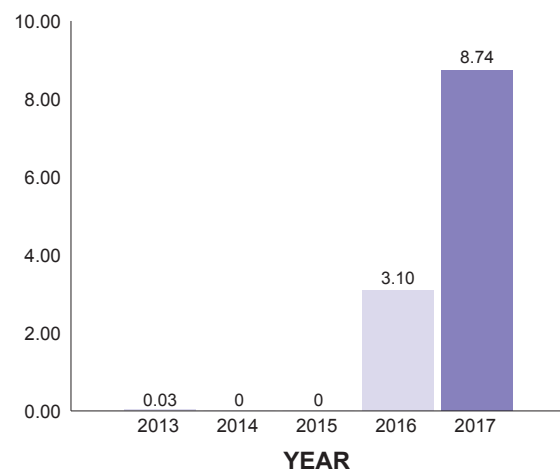
GROSS DIVIDEND PER SHARE (SEN)



LOANS AND BORROWINGS (RM'000)



GEARING RATIO (%)



[^] Adjusted retrospectively to reflect the changes in the number of shares as a result of the distribution of 1 treasury share for every 25 existing ordinary shares in issue in October 2017.

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 our stakeholders. We continue 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. Financial reports are managed in accordance with the rules and requirements of regulatory bodies such as the Listing Requirements, the Companies Act 2016 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 our key objectives. GUH has been declaring dividends out of profits to our shareholders over the years. In year 2017, GUH declared distribution of one (1) treasury share for every twenty five (25) existing ordinary shares held (“Share Dividend”). A total of 10,551,929 Share Dividends have been credited into Depositors’ Securities Accounts maintained with Bursa Malaysia Depository Sdn. Bhd. on 16 October 2017. 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 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, the PCB manufacturing plants under GUH are sited in Penang, Malaysia and Suzhou, China. We have the interest of the local economy at heart and thus supplies and services are sourced locally whenever possible. In Penang plant, we supply to thirty four electronics manufacturers sited in Malaysia, thus contributing directly and indirectly to the local economy. We continuously strengthen our contributions by striving to develop products and services which offer advance designs and good value in pricing, quality safety and environment to meet advancing needs of the industry. It is interesting to recapture the investments history of GUH PG which shows investments in machinery and

infrastructure were made every year since year 2008 to year 2017. Significant reinvestments of GUH PG which helped to better local economy were in year 2010 of RM15.5 million, year 2011 of RM10.0 million, year 2012 of RM17.5 million and in year 2016 to year 2017 the factory modernization project totals RM26.5 million. We uphold the belief that reinvesting shall have a sustained effect on bettering knowledge of people, welfare, continued livelihood and setting in place a foundation that benefits stakeholders, customers as well as the local community.

The other manufacturing company of GUH which is located in Suzhou, China is in a very competitive environment thus breeding a management and technical team that have knowledge and skills surpassing many similar sized companies. In comparison to PCB factories in China, GUH SZ is considered a small plant and thus our attraction and branding to customers is about quality products, responsive management and an exemplary technical team that will take care of the customers’ issues. We have a long standing reputation of being one of the most reliable PCB manufacturers in quality products in the region. GUH SZ’s customers list includes those of the Fortune Global 500 which reflects the reputed status of a boutique PCB manufacturer. The major customers of the company include Mitsubishi, Panasonic, Canon, Hitachi, Fujitsu, Samsung and many more. The strategies include developing new potential customers that has priorities vested in quality products and a win-win partnership rather than a price driven relationship.



The business sustainability and growth of GUH SZ is thus assured through the embrace of its principles of exemplary quality, responsive service and an unfailing delivery managed by a very proactive management and technical team. In product development, GUH SZ gears itself towards niche market applications, automotive, home appliances and to exercise our expertise in LED PCBs. The forward plans for GUH SZ include moving to new factory grounds, a new building and an efficient process flow design from the start, an investment in latest technology, automation and state of the art machines in the near future.

SUSTAINABILITY REPORT

Care for the Workplace

Our philosophy is that Employees are our best asset and this is nurtured throughout all of the subsidiaries of GUH Group. We believe that no matter how much money is invested; people are the final drivers of success in a good company. We understand and are emphatic that our people spend most of their time at work and thus creating a caring workplace is important to business sustainability. We have a subsidized canteen and in the office a comfortable pantry equipped with facilities to create the feeling of home at work. Thus we are committed to building an environment of happiness, understanding and a community feeling that supports and nurtures positive relationships.

Our wish is to get all employees to be engaged in the vision and mission of GUH, thus the social aspect of work life belonging is a priority of our Company's policy. Towards this mission, we sponsored sporting events and activities like Bowling, Yoga classes, Futsal, Badminton and Team Building. The latest to be added to these fun activities is the seasonal festive cheer decoration competitions with participation from all Divisions, subsidiaries and departments of the Group. The first festive decoration competition was the Christmas event in year 2017 followed by the Chinese New Year Cheer in year 2018. As of the time of this report we are planning for the next decoration competition which is the Hari Raya Puasa

event. We are proud to announce that these series of fun events brought out the best of teamwork and creativity.

In GUH SZ we ensure proper planning and scheduling so that our workers can have a long break and be with their families during Chinese New Year festival. Daily meals are free in GUH SZ thus ensuring workers are properly fed.

Training is also another important philosophy of the company and numerous planned trainings were carried out across both management level and operational level. The training programme was structured such that it includes technical aspects as well as leadership development aspects. One example of our leadership development avenues are our GUH Toastmasters' Club which bears testimony of the Company's commitment and success in people development.

On a formal platform, we are constantly on the lookout for potential people to be promoted internally and have a systematic review procedure that recognizes people performance and rewards accordingly on performance. We also endeavor to recruit people from diverse backgrounds as well as to build a gender balanced organization in the name of equal opportunities.



SUSTAINABILITY REPORT

Care for the Environment

GUH recognizes that any industry will inevitably mark its carbon footprint. Our manufacturing plant, GUH PG has continuous programmes to reduce its carbon footprint to minimal levels through efficient energy management, as well as to protect the environment and ensure sustainability by ensuring our emissions, waste treatment and discharge are in compliance with legal requirements. We also have proper policies on occupational health and safety aspects, proper internal Personal Protective Equipment regulations and compulsory training on usage and donning to protect our employees. GUH PG is certified to ISO14001 since year 2004 which is the platform for environmental protection, management and review.

As part of our commitment to reduce carbon footprint to a minimum, an Energy Manager certified by Suruhanjaya Tenaga to analyze and to implement energy saving projects was employed. As a summary, the projects in year 2017 that were implemented include energy saving efforts by training workers to detect air leaks and reduce air compressor run time, changing constant running machines to detect and run systems, changing an old air compressor to an inverter type, labeling of all office air-conditioners with reminders to set not lower than 24°C, switching off air-conditioners during break-time, the purchase of an LN Manufacturing system in order to get manufacturing to a high accuracy scheduling and production efficiency level. There is an ongoing programme to replace traditional florescent lights containing mercury gas to LED lights with the dual purpose of reducing electricity as well as reducing environment contamination of mercury gas.

The energy efficiency activities of kWh per product unit produced by GUH PG in year 2017 was recorded and calculated as 1,155,961.28 kWh saved which is equivalent to 75,137 metric tons of CO₂ and equivalent to 3,410,085 trees sequestered. (ref: www.calms.com/calculators/reduced/-co2-and-saved-trees-calculator/)

Further to our commitment to reduce air emission, air discharges are cleansed with gas scrubbers equipped with water sprays containing neutralizer chemicals. The water discharges are cleansed by wastewater systems before being discharged. One of the projects scheduled for completion in first quarter of year 2018 is to add another waste water treatment plant of 50m³/hr. thus taking our total treatment capacity to 180m³/hr.

The principles and priorities of caring for the environment is similarly embraced and prioritized in GUH SZ. The management pledges unwavering commitment towards care of the environment and does periodic investment of assets to ensure GUH SZ strictly conforms to the law, rules and regulations related to environment either at the province or country level. As affirmation of our earnestness towards environmental good practices, GUH SZ was granted a Certificate for Environment Management System (ISO14001:2004) on 18 March 2016 by Certification and Accreditation Administrative of the People's Republic of China in recognition of its proper environmental management. We were further awarded a pollutants discharge permit on 30 June 2016 issued by the Environmental Protection Bureau of Suzhou New District and monitored by Ministry of Environmental Protection of the People's Republic of China. We believe that sustainability and protection of the environment is not just about investing in assets and thus our other commitments are to continuously provide appropriate training, knowhow and information to employees to carry out their duties without fail and also nurture the environment protection culture.

We are pleased to report that in year 2017, GUH SZ again achieved or bettered the required standard for waste water and gas emission set by Environmental Protection Bureau. For example, effluent which contains copper was further reduced to levels significantly below the standard benchmark and limit. Going forward in our efforts to ensure keeping our good records of environment sustainability we plan to install high definition cameras (CCTV) system at our waste water treatment plant in year 2018. This is to monitor in real time the water discharge performance and to demonstrate to the authorities of our earnestness and transparency in environmental conservation.

GUH is committed to use electricity and water efficiently in order to reduce carbon footprint. Operational action plans include the control on the usage of electricity and water with a proactive scheduling system that triggers the shutting down of unnecessary machines during off-peak production, switching off air-conditioners during the spring and autumn season when possible as indicated by intelligent climate control system, monitor and control the usage of water consumption on a daily basis and strict TPM routines that ensure all the piping, water valves and relevant water equipment are in the good condition and that no water wastage occurs.

SUSTAINABILITY REPORT

Care for the Community

To ensure our commitment to the principle that “People are our Best Assets”, we endeavor to maintain a good work-life balance and our aspiration of a healthy and motivated workforce. GUH continues to sponsor sporting and social events in the spirit of teamwork, to cultivate and nurture a healthy life style and to appreciate the hard work, dedication and support of our employees.

We are a keen supporter of local talent and have taken on the responsibility to train final year students in preparation for industrial life. Further we hire fresh graduates as part of our commitment towards society and the economy at large. We uphold our commitment that every employee we hire contributes sustenance to their immediate family and this is evidential in our index of loyalty of many staff working with us for more than 20 years. We practice proper performance review system for our employees in order to reward those who have contributed to the Company’s performance and forward business sustainability. This system of review, discussion, strengths and weaknesses identification, training needs and objective setting based on the overall mission of the Company encourages people to improve their performance with an identified focus. We take pride on being able to identify, train, motivate and create leaders from the high performance group and also been able to motivate and train people from the low performance group from melancholy to being excellent performers. GUH maintains an exemplary track record of paying incentives and bonus to its people based on company, team and individual performance.

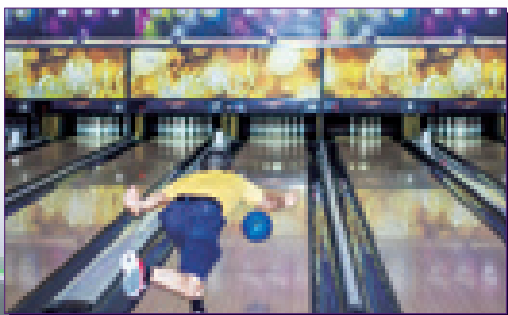
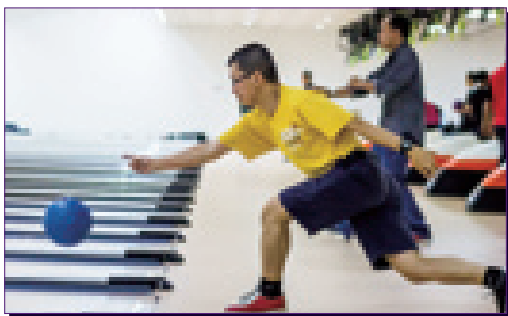
The Group has consistently bettered the minimum wage and benefits of the market requirements at all levels of our structure. At the grass-root besides fair

benefit schemes we provide transportation, uniform, medical and insurance and a subsidized canteen for all employees. Foreign workers also enjoy hostel and basic living amenities.

In GUH we believe that caring for the community is a principle that every responsible company should have. Education of our people is still the best way to spread the culture of caring. Our improvement teams conduct road shows at the production floor to educate our employees about waste segregation, scheduled waste, organic waste and also imparts to them that waste separation begins at home. Our internal roadshows include training on scheduled waste handling by following the correct procedures and methods of designation and SW code labeled disposal bins, containers and bags. Employees are also educated on that there should be no general waste allowed at the workplace to encourage healthy habits, personal hygiene and occasionally education roadshows on nutrition and well-being. In year 2017 we declared the canteen as a non-smoking area and the designated smoking room was re-designated to a well ventilated outdoor rest and coffee area in order to protect non-smokers from secondhand smoke. Our training programs include lessons on the hazards of second smoke affecting their children, spouses and society.

GUH is committed to continue its contributions and sponsorship towards community through financial assistance to various organizations, schools, NGOs and associations. Financial aid was also distributed to Simpang Ampat Penang flood victims during the recent crisis which badly affected certain areas of the island and mainland.

GUH will unceasingly do our part to contribute to society as we believe giving back is among the most important and valuable act an organization can do.



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.

The Board is pleased to present this Corporate Governance Statement that summarized the overview application of the principles as set out in the Malaysian Code on Corporate Governance (MCCG) for the financial year ended 31 December 2017. The Corporate Governance Statement should be read in tandem with the other Statements in the Annual Report 2017 namely the Sustainability Report, Statement on Risk Management and Internal Control and Audit Committee Report. It is also augmented with a Corporate Governance Report, based on a prescribed format as specified in Paragraph 15.25(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements) so as to provide detailed information on the application of the Group’s corporate governance practices with regard to MCCG.

The Corporate Governance Report is available on the Company’s website, www.guh.com.my and also via an announcement on the website of Bursa Malaysia Securities Berhad.

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 2017.

The details of the Board Charter are available for reference at www.guh.com.my.

2. Composition of the Board

The Company is headed by a Board, which assumes responsibility for the Company’s leadership and is collectively responsible for meeting the objectives and goals of the Company and the Group. The Board consists of nine (9) members of whom are the Executive Chairman, the Chief Executive Officer/Group Managing Director (“CEO/Group 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/Group 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/Group 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 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 Chairman is the founder of the Group with extensive knowledge and experience and he is competent to lead the Group towards achieving the highest level of interest to the Company and all its stakeholders. 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.

CORPORATE GOVERNANCE STATEMENT

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. In appreciating the spirit of MCCG in order to embrace and support a strong corporate governance culture throughout the Company, the Board will continue to provide justification and seek annual shareholders' approval through a two-tier voting process for all the Independent Directors who have continued to retain as Independent Directors for more than 12 years. Notwithstanding the long tenure of the Independent Directors, the Board believes that the long tenure may not erode the Board's objective since all the Independent Directors are able to express their views and question the Board's decision, debate constructively, challenge rigorously and decide dispassionately. In addition, the Board is aware that women's participation in decision making positions should not be focused on Board positions alone, but also be broadened to include women in senior management as the same benefits apply. The Board believes that diversity, when extended to senior management, will also serve as a talent pipeline for Board candidacy. 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;
- 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

CORPORATE GOVERNANCE STATEMENT

- 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 provide leadership so that the Board can perform its responsibilities efficiently and to preside over meetings of Directors and ensure the Board accepts full share of responsibilities of governance
CEO/Group MD Dato' Kenneth H'ng Bak Tee	The CEO/Group 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	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, he also acts as a sounding Board for the Chairman and an intermediary for other Directors when necessary
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

All Directors should objectively discharge their duties and responsibilities at all times to uphold the best interest of the Company. Every Director is mindful of his own responsibility as a Director and of the conduct, business activities and development of the Company. 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 within the Group, the Company has completed its process of drawing up all relevant internal documents such as Code of Ethic and Code of Conducts to be made available to the public. The Code of Ethic and Code of Conducts have been published on the Company's website during the year.

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 2017, four (4) 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.

CORPORATE GOVERNANCE STATEMENT

The attendance records of each member of the Board in 2017 are as follows:

Board of Directors	Feb	May	Aug	Nov	Total
Tan Sri Dato' Seri H'ng Bok San Executive Chairman	•	•	•	•	4/4
Dato' Kenneth H'ng Bak Tee CEO/Group Managing Director	•	•	•	•	4/4
Dato' Harry H'ng Bak Seah Non-Executive Director	•	•	•	•	4/4
Datin Jessica H'ng Hsieh Ling Non-Executive Director	•	•	x	•	3/4
Mr. Chew Hock Lin Independent Non-Executive Director	•	•	•	•	4/4
Dato' Ismail Bin Hamzah Independent Non-Executive Director	•	•	•	•	4/4
Mr. Lai Chang Hun Independent Non-Executive Director	•	•	•	•	4/4
En. W Ismail Bin W Nik Independent Non-Executive Director	•	•	•	•	4/4
Dato' Dr. Gan Kong Meng Independent Non-Executive Director	•	•	•	•	4/4

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 2017

The following details are activities carried out by the Board in 2017:

- Reviewed the Company's performance in 2016 and the business outlook for 2017;
- 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 2016;
- Approved Annual Report 2016;
- Approved the Statement in relation to Proposed Renewal of Share Buy Back;
- 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 2017 and announcements;
- Reviewed the quarterly reports from the CEO/Group 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;
- Proposed 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 and a slew of reform measures which had been introduced by the regulatory authorities more particularly on the requirement of adoption of substance behind corporate governance enumerations and not merely in form.

CORPORATE GOVERNANCE STATEMENT

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 with the objective from the regulatory to improve the quality of disclosures in annual reports and enhance the quality of financial statements and transparency on key audit matters as well as matters relating to going concern. 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/Group MD and notifying all Directors, ensuring effective meeting flows, advising the Board on the implementation of MCCG, 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 responsible for the corporate governance practices of the Group. Being at the helm of the Group, the Board governs the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.

In execution of its duties and responsibilities, the Board is assisted by various Committees. 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. During the year, Risk Management Committee has changed its name to Risk Management & Sustainability Committee given that sustainability reporting has become onerous and the Board is committed to demonstrate sustainability to meet the stakeholders' interests.

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 & Sustainability 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. From the perspective of sustainability, identify and manage non-financial issues, greater attention will be given to how businesses impact the economy, environment and social risks and opportunities alongside financial implication. <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.
Remuneration Committee	Reviews remuneration of Executive Directors.

CORPORATE GOVERNANCE STATEMENT

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

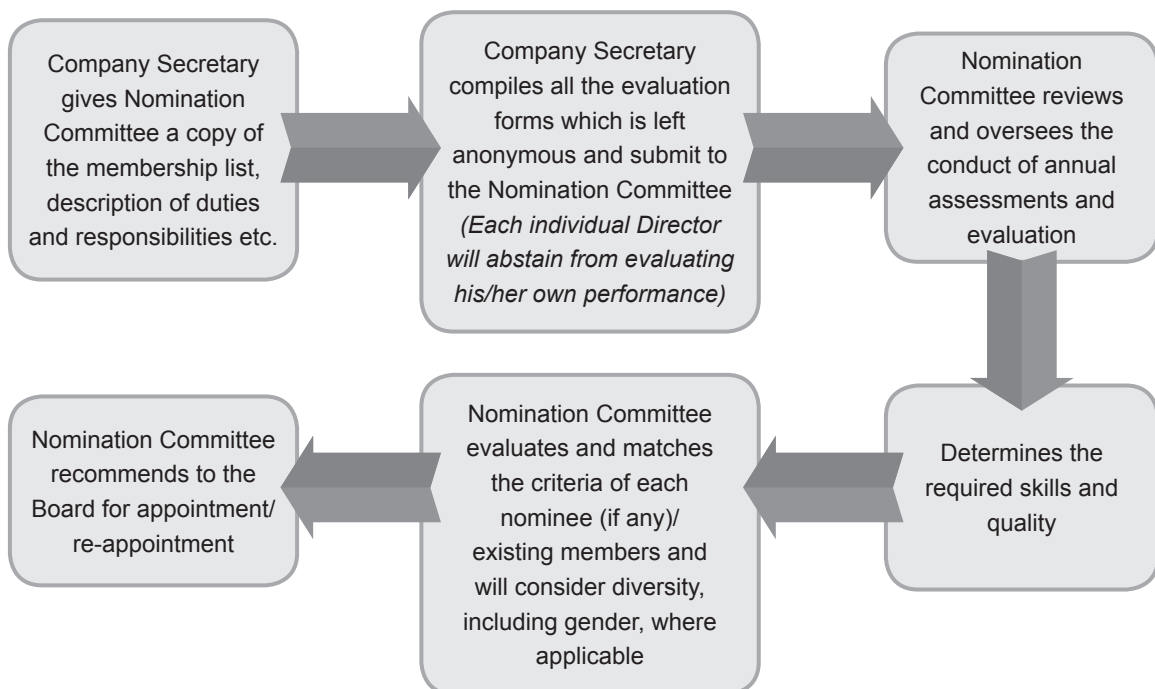
Mr. Lai Chang Hun - Member
Independent Non-Executive Director

Pursuant to MCGG, 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 2017 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. The evaluations were carried out through peer review and facilitated by the Company Secretary. The evaluation forms were compiled and left anonymous and tabled to the Board for total result.

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:



Currently the Nomination Committee carried out annual assessment of the existing Board members and recommended to the Board to continue acting as Directors. Nomination Committee did not recommend new candidate by other outsources as the Board believes that the effectiveness on the annual assessment have not been impaired. In addition, cost efficiency is the main reason due to the current performance.

CORPORATE GOVERNANCE STATEMENT

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 2017 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 MCCG, 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 2017. Independent Directors who have served for more than 12 years, they should be subject to two-tier voting process pursuant to MCCG.

During the financial year ended 31 December 2017, the Nomination Committee carried out the following activities:

- Recommended on the re-election of any Director who retire pursuant to Article 99 of the Company's Articles of Association; (Note: None of the Director of the Company is subject to retirement under Article 99 at the forthcoming Annual General Meeting in the year 2018)
- 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 term, based on their significant advantages from long-serving who possess insight and knowledge of the Company's business and affairs, and recommended the two-tier voting process for Independent Directors who had served for more than 12 years;
- Reviewed the Board structure, size, necessary skills, qualities and experience;
- Reviewed the assessment and performance of individual Director and effectiveness of the Board Committees; and
- Reviewed the effectiveness of all the Board Committees and recommended the change of membership to comply with MCCG and Listing Requirements.

The Directors standing for retention at the forthcoming Annual General Meeting of the Company are as follows:

Director	Designation
Mr. Lai Chang Hun	Independent Non-Executive Director
Mr. Chew Hock Lin	Independent Non-Executive Director
Dato' Ismail Bin Hamzah	Independent Non-Executive Director
En. W Ismail Bin W Nik	Independent Non-Executive Director

CORPORATE GOVERNANCE STATEMENT

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 ensure education is necessary for them to enhance their business acumen in discharging their duties for the interest of the Group. In house training programme was conducted during the year for all the Directors and Management staff to attend and keep abreast with all the development of new regulations and compliance especially those with regard to sustainability reporting.

The Company Secretary also receives 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 also brief the Audit Committee on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

The summary of courses and training attended by respective Directors of the Company during the financial year ended 31 December 2017 are set out as follows:

<p>Tan Sri Dato' Seri H'ng Bok San</p> <ul style="list-style-type: none"> • Sustainability Reporting and Management Discussion & Analysis – What & how to disclose
<p>Dato' Kenneth H'ng Bak Tee</p> <ul style="list-style-type: none"> • Seminar on "Companies Act 2016" • Kursus Integriti & Kod Etika Contractor • A practitioner's guide on company meetings under Companies Act 2016 • Annual Financial Planning Signature Conference 2017 • Companies Act 2016 made simple : A practical guide for Company Directors • Sustainability Reporting and Management Discussion & Analysis – What & how to disclose
<p>Dato' Harry H'ng Bak Seah</p> <ul style="list-style-type: none"> • Sustainability Reporting and Management Discussion & Analysis – What & how to disclose
<p>Datin Jessica H'ng Hsieh Ling</p> <ul style="list-style-type: none"> • Sustainability Reporting and Management Discussion & Analysis – What & how to disclose
<p>Mr. Chew Hock Lin</p> <ul style="list-style-type: none"> • Malaysian Code on Corporate Governance : New Dimension (Roadshow) • Advocacy Session on Corporate Disclosure for Directors and principal officers of listed issuer – Corporate Disclosure Framework • Sustainability Reporting and Management Discussion & Analysis – What & how to disclose
<p>Dato' Ismail Bin Hamzah</p> <ul style="list-style-type: none"> • Financial Reporting Essential for Director • In house training of Companies Act 2016 • Risk Management Training for Directors : I am ready to manage risk • Conversation with Audit Committees by Securities Commission Malaysia on MFRS 9 & 15
<p>Mr. Lai Chang Hun</p> <ul style="list-style-type: none"> • Sustainability Reporting and Management Discussion & Analysis – What & how to disclose
<p>En. W Ismail Bin W Nik</p> <ul style="list-style-type: none"> • Assessment of the Board, Board Committee and Individual Director – Taking Stock Performance • The Companies Act 2016 – Key changes and implications to Director and Management • Sustainability Reporting and Management Discussion & Analysis – What & how to disclose
<p>Dato' Dr. Gan Kong Meng</p> <ul style="list-style-type: none"> • Sustainability Reporting – What is & how to go about reporting? • Related Party Transactions (RPTs) – Their implications to the Board of Directors, Audit Committee and Management • Sustainability Reporting and Management Discussion & Analysis – What & how to disclose

CORPORATE GOVERNANCE STATEMENT

II. REMUNERATION

Remuneration Committee

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

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

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

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

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 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 2017, 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. Payment of Directors' fees is one of the salient elements. The Director's fee is proposed at RM60,000 per Director and the shareholders approval had been sought at the last Annual General Meeting held in year 2017. During the year, the Remuneration Committee also recommended the Directors' fee for the period from year 2018 to the next Annual General Meeting in year 2019, subject to the shareholders' approval at the forthcoming Annual General Meeting. The Company reimburses 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 are 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 2017 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
Datin Jessica H'ng Hsieh Ling *	N/A	N/A

**Datin Jessica H'ng Hsieh Ling has been appointed as a Remuneration Committee member with effect from 21 November 2017*

CORPORATE GOVERNANCE STATEMENT

Details of the Directors' remuneration for the financial year ended 31 December 2017 are categorized into appropriate components as follows:

RM'000	Executive Directors	Non-Executive Directors
Salaries & EPF	2,668	-
Fees	155	420
Bonus	1,158	-
Meeting Allowances	-	36.5
Ex-Gratia Benefits Receivable	464	-
Benefits In-Kind	56	-
Total	4,501	456.5

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
RM1,500,001 – RM1,600,000	1	-
RM2,900,001 – RM3,000,000	1	-
Total	2	7

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.

The shareholders and investors are also encouraged to visit the Group's website at 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.

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 businesses 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.

CORPORATE GOVERNANCE STATEMENT

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 2017 on the following dates:

2017 Quarterly Results	Date of Release	Listing Requirements Deadline
1 st Quarter	23 May 2017	31 May 2017
2 nd Quarter	30 August 2017	31 August 2017
3 rd Quarter	21 November 2017	30 November 2017
4 th Quarter	26 February 2018	28 February 2018

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 prospect.

The Board also embraces the philosophy of transparency, accuracy and competency 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 Company keeps accounting records which disclosed, with reasonable accuracy, the financial position of the Group and the Company which enable them to ensure the financial statements are in compliance with the Companies Act 2016.

In preparing the financial statements for the financial year ended 31 December 2017, the Directors have provided assurance that the financial statements prepared gives a true and fair view of the state of affairs of the Company and the Group in a transparent manner.

The financial statements of the Company have been prepared on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the Company 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 55 of this Annual Report 2017.

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.

CORPORATE GOVERNANCE STATEMENT

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. The External Auditors attended the Company's Annual General Meeting on 23 May 2017 in order to clarify shareholders' queries where necessary.

During the financial year, the Audit Committee had undertaken an assessment to assess 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 henceforth recommended to the Board for the re-appointment of Messrs. Crowe Horwath for shareholders approval at the forthcoming 54th Annual General Meeting 2018.

V. COMPLIANCE INFORMATION AS AT 31 DECEMBER 2017

1. Non-Audit Fees

In general, the Company 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, and other tax advisory rendered to the Group by the External Auditors and their affiliated companies for the financial year ended 31 December 2017 amounted to RM90,811.

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 resolution, in respect of such transaction(s) at the Board meeting and any general meeting convened to consider the matter.

There are procedures established by the Company 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.

CORPORATE GOVERNANCE STATEMENT

Significant related party transactions of the Group for the financial year are disclosed in Note 28 to 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

The Company and/or its subsidiaries has not entered into any material contract during the financial year ended 31 December 2017 except for the related party transaction in relation to Lease Agreement signed on 23 February 2018 between GUH Holdings Berhad and Leader Solar Energy II Sdn. Bhd. to lease part of its agricultural land measuring approximately 71.967 acres or 3,134,865 square feet situated at Lot No. 5, Pekan Bukit Selambau, Daerah Kuala Muda, Kedah held under Geran No. 87076 for a period of 23 years for the lessee to develop, operate and maintain the large scale solar power generation plant on a build-operate-own basis.

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 2017:

- 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 as set out in MCCG and to promote high standards of corporate governance. In line with the latitude accorded in the application mechanism of MCCG, the Company has provided explanations for the departures from the said practices. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report.

ADDITIONAL DISCLOSURE

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

*(Disclosed in accordance with Paragraph 3.1.5 of Practice Note 12
of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)*

At the last 53rd Annual General Meeting held on 23 May 2017, the Company has 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 28 April 2017.

Details of the recurrent related party transactions transacted during the financial year ended 31 December 2017 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 23 May 2017 to 31 December 2017
GUH Circuit Industry (PG) Sdn. Bhd. <i>(Recipient & Provider)</i>	Kiyamas Chemical Sdn. Bhd. ["KCSB"] <i>(Provider & Recipient)</i>	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	RM5,985,056.00 (Approved Limit: RM9,000,000.00)
GUH Circuit Industry (PG) Sdn. Bhd. <i>(Recipient)</i>	Kyosha Precision Engineering Sdn. Bhd. ["Kyosha"] <i>(Provider)</i>	H'ng Chun Li is a Director of Kyosha	Provision of precision engineering and fabrication of parts	RM559,311.00 (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/Group 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

In accordance with Principle B (II) of the Malaysian Code of Corporate Governance, the Board is responsible for the Group's risk management and internal control system which includes the establishment of appropriate policies on internal control and seek assurance that the systems are functioning effectively as well as ensuring the system manages risks and forms part of the corporate culture.

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 Practice 9.1 of the Malaysian Code on Corporate Governance, 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 comprises one (1) Non-Independent and two (2) Independent Directors of whom are all Non-Executive. Nevertheless, to further strengthen independent function, all three (3) members of the Risk Management Committee are made up of Independent Non- Executive Directors since 21 November 2017. They are supported by Senior Management from the Group's business divisions and meetings are convened for the purpose of identifying, evaluating and managing 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 reviews 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 performs follow up audits 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 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 within 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: 2015, ISO 14001: 2015 and IATF 16949: 2016 accreditations for their operational processes.
5. Clear definitions of authorization procedures and delegated authority levels for all operational transactions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

6. Review of all major proposals for investment and divestment by the Risk Management Committee before being deliberated and approved by the Board.
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/Group Managing Director, General Manager - Accounts, Finance and Tax and the division 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 on Risk Management and Internal Control set out above 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 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”) and to act independently to ensure the interest of shareholders is properly protected. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on their reviews made and discussions held.

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

Dato’ Dr. Gan Kong Meng, *Member*
Independent 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 of whom are Independent Non-Executive Directors. 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 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 and Dato’ Dr. Gan Kong Meng. All members of the Audit Committee are financially literate and equipped with the required business skills in discharge their duties as Audit Committee members.

Nomination Committee carried out the evaluation and assessment to review the performance of the Audit Committee annually. 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 has efficiently discharged its duties in accordance with the terms of reference as well as having appropriate level of knowledge and experience to contribute to the effective functioning of the Audit Committee.

The Board is always mindful that an effective Audit Committee can bring transparency, focus and independent judgment needed to oversee the financial reporting process. The appropriate level of knowledge, skills, experience and commitment of its members is critical to the Audit Committee’s ability to discharge its responsibilities effectively and strengthen the quality of Audit Committee deliberations.

On 21 November 2017, Nomination Committee had recommended and the Board approved the changes in the Audit Committee members to comprise solely of Independent Non-Executive Directors. Dato’ Dr. Gan Kong Meng has been appointed to replace Datin Jessica H’ng Hsieh Ling as the member of Audit Committee.

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 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 recommendation to the Board for circulating to Bursa Malaysia Securities Berhad and all the shareholders. The CEO/Group MD, the Senior Management and the Internal Auditor have attended the meetings. Upon invitation by the Audit Committee, representatives of the External Auditors have attended three (3) meetings held in February, March and November 2017. The External Auditors may request a special meeting if they consider and deem 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	Mar	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	•	4/5
Dato' Dr. Gan Kong Meng*	N/A	N/A	N/A	N/A	N/A	N/A

*Dato' Dr. Gan Kong Meng has been appointed as an Audit Committee member with effect from 21 November 2017.

SUMMARY OF WORK DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. Financial Reporting

- Reviewed the unaudited quarterly financial results and year-end financial statements of the Company and the Group which include discussion among others, 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 the 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;

AUDIT COMMITTEE REPORT

- Met and discussed with the External Auditors if any important and major issue need to be highlighted 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 2017 are as follows:

2017 Fees incurred	Company	Group
Audit services	RM46,000	RM194,500
Non-Audit services	RM31,823	RM90,811

The non-audit services rendered included financial due diligence, transfer pricing and other tax advisory.

- Carried out the assessment of 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 endorsed the proposed re-appointment of Messrs. Crowe Horwath as the External Auditors of the Company and proposed their 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 performed 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 regards 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 were 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 any 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 WORK UNDERTAKEN BY THE INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

- 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 year 2017 is RM253,087 (2016:RM330,400).

Financial Statements

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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 2017. 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 and other details of the subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year attributable to:-		
- Owners of the Company	(1,744)	24,191
- Non-controlling interests	(5)	0
	<u>(1,749)</u>	<u>24,191</u>

DIVIDENDS

During the financial year, the Company distributed 10,552,000 treasury shares as share dividends on the basis of 1 treasury share for every 25 existing ordinary shares in issue.

No cash dividends were recommended, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

ISSUE OF SHARES OR DEBENTURES

The Company did not issue any shares or debentures during the financial year.

SHARE OPTIONS

The Company did not grant any share options during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements were prepared, 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 provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision 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 provision for doubtful debts inadequate to any substantial extent.

DIRECTORS' REPORT

CURRENT ASSETS

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group or 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 which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or the Company to meet their obligations 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 the financial statements which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

Other than the impairment loss on goodwill of RM3,348,000, the results of the operations of the Group and the Company during 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 likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

DIRECTORS' REPORT

DIRECTORS

The directors in office since the beginning of the financial year are:-

Directors of the Company

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
 W Ismail Bin W Nik
 Dato' Dr. Gan Kong Meng, DSDK, PSPP, SDK, DJN, BCN, SMP, AMK, KMN, PPA, PhD

Directors of Subsidiaries (Other Than Directors of the Company)

H'ng Chun Li
 Kok Siew Foong
 Yew Kim Chong

DIRECTORS' INTERESTS

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

Name of Director	Number of Ordinary Shares				At 31.12.2017
	At 1.1.2017	Share Dividends	Bought	(Sold)	
Tan Sri Dato' Seri H'ng Bok San					
- Indirect ^(a)	30,802,825	1,232,113	0	0	32,034,938
- Indirect ^(b)	18,364,500	734,580	0	(313,000)	18,786,080
Dato' Kenneth H'ng Bak Tee					
- Direct	173,900	0	0	(173,900)	0
- Indirect ^(b)	2,066,550	53,358	0	(732,600)	1,387,308
Dato' Harry H'ng Bak Seah					
- Direct	2,561,928	102,477	0	0	2,664,405
Datin Jessica H'ng Hsieh Ling					
- Direct	2,263,500	90,540	0	0	2,354,040
- Indirect ^(c)	30,802,825	1,232,113	0	0	32,034,938
Lai Chang Hun					
- Direct	2,737,932	109,517	0	0	2,847,449
- Indirect ^(b)	112,536	4,501	0	0	117,037
- Indirect ^(c)	3,464,344	138,574	0	0	3,602,918
W Ismail Bin W Nik					
- Direct	3,699,950	115,106	10,400	(1,466,300)	2,359,156

^(a) Deemed interest by virtue of shares held by company controlled by family members

^(b) Deemed interest by virtue of shares held by family members (who are not directors of the Company)

^(c) Deemed interest by virtue of shares held by company in which the director has interest

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of certain related party transactions as disclosed in Note 28 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.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity given to any director or officer of the Group or the Company during the financial year. The Group maintains a liability insurance for certain directors and officers and the insurance costs incurred during the financial year amounted to RM11,000.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 23 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 2 APRIL 2018

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 61 to 117 give a true and fair view of the financial position of the Group and the Company as at 31 December 2017 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 2016 in Malaysia.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 2 APRIL 2018

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 (MIA membership no.: 13104), 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 61 to 117 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed
Yeoh Saw Gaik at Georgetown in the State of Penang on
this 2 April 2018

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 2017 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 61 to 117.

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 2017, 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 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and 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>Valuation of inventories (Refer to Notes 3 and 14 to the financial statements)</u></p> <p>The Group carries significant inventories. The assessment of inventory write-downs due to excess quantities, obsolescence and decline in net realisable value below cost involves 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"> • Obtaining an understanding of:- <ul style="list-style-type: none"> • the Group's inventory management process; • how the Group identifies and assesses inventory write-downs; and • how the Group makes the accounting estimates for inventory write-downs. • Reviewing the ageing analysis of inventories and testing the reliability thereof. • Examining the perpetual records for inventory movements and to identify slow moving aged items. • Making inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories. • Reviewing the net realisable value of major inventories. • Evaluating the reasonableness and adequacy of the allowance for inventories recognised for identified exposures.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

GUH HOLDINGS BERHAD

Company No: 4104-W (Incorporated in Malaysia)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Impairment of receivables (Refer to Notes 3 and 15 to the financial statements)</u></p> <p>The Group carries significant receivables and is subject to major credit risk exposures. The assessment of recoverability of receivables involves 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"> • Obtaining an understanding of:- <ul style="list-style-type: none"> • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. • Reviewing the ageing analysis of receivables and testing the reliability thereof. • Reviewing subsequent cash collections for major receivables and overdue amounts. • Making inquiries of management regarding the action plans to recover overdue amounts. • Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections. • Examining other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc. • Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

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 2016 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUH HOLDINGS BERHAD

(Incorporated in Malaysia) Company No: 4104-W

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 scepticism 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.
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

GUIH HOLDINGS BERHAD

Company No: 4104-W (Incorporated in Malaysia)

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 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

Other Matters

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

Crowe Horwath
Firm No.: AF 1018
Chartered Accountants

Eddy Chan Wai Hun
Approval No.: 02182/10/2019 J
Chartered Accountant

Date: 2 April 2018

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	156,057	151,386
Investment properties	5	18,714	9,432
Goodwill	6	0	3,348
Investments in associates	8	17,358	18,282
Available-for-sale financial assets	9	641	4,458
Land held for property development	10	166,594	153,942
Deferred tax assets	11	55	973
		359,419	341,821
CURRENT ASSETS			
Property development costs	10	60,166	61,501
Accrued billings	10	7,761	6,103
Asset held for sale	12	0	400
Amounts due from customers for contract work	13	481	1,843
Inventories	14	66,951	48,869
Trade and other receivables	15	84,553	83,097
Prepayments	16	1,683	5,450
Current tax assets		2,214	3,732
Cash and cash equivalents	17	96,220	110,640
		320,029	321,635
CURRENT LIABILITIES			
Trade and other payables	18	99,347	100,674
Loans and borrowings	19	25,328	1,144
Amounts due to customers for contract work	13	1,378	4,841
Current tax liabilities		3,811	3,115
		129,864	109,774
NET CURRENT ASSETS		190,165	211,861
NON-CURRENT LIABILITIES			
Loans and borrowings	19	19,913	15,134
Deferred tax liabilities	11	12,099	13,746
		32,012	28,880
NET ASSETS		517,572	524,802
EQUITY			
Share capital	20	277,992	277,905
Treasury shares	20	(4,546)	(18,089)
Reserves		244,124	264,979
Equity attributable to owners of the Company		517,570	524,795
Non-controlling interests	21	2	7
TOTAL EQUITY		517,572	524,802

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
Revenue	22	356,060	315,120
Cost of sales		(321,198)	(273,118)
Gross profit		<u>34,862</u>	<u>42,002</u>
Other operating income		8,431	7,657
Administrative expenses		(23,633)	(18,833)
Distribution expenses		(5,686)	(5,516)
Other operating expenses		(7,572)	(2,280)
Profit from operations		<u>6,402</u>	<u>23,030</u>
Finance costs		(661)	(17)
Share of (loss)/profit of associates		(131)	203
Profit before tax	23	<u>5,610</u>	<u>23,216</u>
Tax expense	25	(7,359)	(4,342)
(Loss)/Profit for the financial year		<u>(1,749)</u>	<u>18,874</u>
(Loss)/Profit for the financial year attributable to:-			
- Owners of the Company		(1,744)	18,878
- Non-controlling interests	21	<u>(5)</u>	<u>(4)</u>
		<u>(1,749)</u>	<u>18,874</u>
(Loss)/Earnings per share:-	26		
- Basic (sen)		<u>(0.64)</u>	<u>6.88</u>
- Diluted (sen)		<u>(0.64)</u>	<u>6.88</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017	2016
	RM'000	RM'000
(Loss)/Profit for the financial year	(1,749)	18,874
Other comprehensive income:-		
<i>Items that may be reclassified subsequently to profit or loss:-</i>		
- Loss on available-for-sale financial assets	(454)	(183)
- Currency translation differences for foreign operations	(5,541)	(2,694)
- Reclassification adjustments on:-		
- Derecognition of available-for-sale financial assets	(170)	(200)
- Impairment of available-for-sale financial assets	684	345
- Dissolution of foreign operation	0	(4)
Other comprehensive income for the financial year	(5,481)	(2,736)
Total comprehensive income for the financial year	(7,230)	16,138
Total comprehensive income for the financial year attributable to:-		
- Owners of the Company	(7,225)	16,142
- Non-controlling interests	(5)	(4)
	(7,230)	16,138

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	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	Equity attributable to owners of the Company RM'000		Non-controlling interests 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 the cost of treasury shares over share premium, were considered as non-distributable.

** This represents the cumulative 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 2017 (cont'd)

	Non-distributable					Distributable*			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		Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000
At 1 January 2017	277,905	(18,089)	87	12,741	38,929	(59)	43,478	169,803	524,795	7	524,802
Transfer from share premium upon abolition of par value	87	0	(87)	0	0	0	0	0	0	0	0
Loss on available-for-sale financial assets	0	0	0	0	0	(454)	0	0	(454)	0	(454)
Currency translation differences for foreign operations	0	0	0	0	0	0	(5,541)	0	(5,541)	0	(5,541)
Reclassification adjustments on:-											
- Derecognition of available-for-sale financial assets	0	0	0	0	0	(170)	0	0	(170)	0	(170)
- Impairment of available-for-sale financial assets	0	0	0	0	0	684	0	0	684	0	684
Other comprehensive income for the financial year	0	0	0	0	0	60	(5,541)	0	(5,481)	0	(5,481)
Loss for the financial year	0	0	0	0	0	0	0	(1,744)	(1,744)	(5)	(1,749)
Total comprehensive income for the financial year	0	0	0	0	0	60	(5,541)	(1,744)	(7,225)	(5)	(7,230)
Distribution of treasury shares as share dividends (representing total transactions with owners)	0	13,543	0	0	0	0	0	(13,543)	0	0	0
Transfer to capital reserve	0	0	0	66	0	0	0	(66)	0	0	0
At 31 December 2017	277,992	(4,546)	0	12,807	38,929	1	37,937	154,450	517,570	2	517,572

* Retained profits as at 31 December 2017 amounting to RM4,546,000, being the cost of treasury shares, were considered as non-distributable.

** This represents the cumulative 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 2017

	Note	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		5,610	23,216
Adjustments for:-			
Depreciation		13,935	14,146
Dividend income		(9)	(173)
Gain on derecognition of available-for-sale financial assets		(170)	(200)
Gain on disposal of investment properties		(60)	(131)
Gain on dissolution of subsidiary		0	(4)
Gain on fair value adjustment of investment properties		(2,223)	(1,732)
Impairment loss on available-for-sale financial assets		734	345
Impairment loss on goodwill		3,348	0
Impairment loss on receivables		0	2
Interest expense		661	17
Interest income		(2,786)	(3,100)
Inventories written down		264	757
Loss/(Gain) on disposal of property, plant and equipment		72	(108)
Loss on disposal of land held for property development		0	351
Loss on fair value adjustment of contingent consideration		391	442
Property, plant and equipment written off		0	7
Reversal of impairment loss on receivables		(103)	(47)
Reversal of inventories written down		(184)	(583)
Share of loss/(profit) of associates		131	(203)
Unrealised loss/(gain) on foreign exchange		1,473	(980)
Waiver of debt		(34)	0
Operating profit before working capital changes		21,050	32,022
Changes in:-			
Property development costs		(2,307)	(62,215)
Accrued billings		(1,658)	293
Amounts due from/to customers for contract work		(2,101)	5,422
Inventories		(18,162)	(4,793)
Receivables and prepayments		(3,579)	(1,285)
Payables		2,954	17,654
Cash absorbed by operations		(3,803)	(12,902)
Tax paid		(6,161)	(8,173)
Tax refunded		721	818
Net cash used in operating activities		(9,243)	(20,257)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

	Note	2017 RM'000	2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of associate		0	(5,229)
Acquisition of subsidiary, net of cash acquired		0	(3,504)
Additions of investment properties		(11,412)	0
Contingent consideration paid		(3,000)	0
Dividends received		9	173
Interest received		2,786	3,100
Proceeds from disposal of available-for-sale financial assets		3,313	3,831
Proceeds from disposal of investment properties		460	931
Proceeds from disposal of land held for property development		0	48
Proceeds from disposal of property, plant and equipment		204	110
Purchase of available-for-sale financial assets		0	(592)
Purchase of property, plant and equipment	27	(20,593)	(8,825)
Net cash used in investing activities		(28,233)	(9,957)
CASH FLOWS FROM FINANCING ACTIVITIES			
Changes in term deposits pledged as security		84	(213)
Dividend paid		0	(9,236)
Drawdown of term loans	27	14,288	15,800
Increase in short-term loans and borrowings (net)	27	14,832	0
Interest paid		(1,671)	(619)
Purchase of own shares		0	(51)
Repayment of hire purchase obligations	27	(164)	(22)
Repayment of term loans	27	(1,052)	0
Net cash from financing activities		26,317	5,659
Currency translation differences		(3,738)	(1,010)
Net decrease in cash and cash equivalents		(14,897)	(25,565)
Cash and cash equivalents brought forward		107,685	133,250
Cash and cash equivalents carried forward	17	92,788	107,685

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,058	860
Investment properties	5	25,310	23,125
Investments in subsidiaries	7	205,468	203,717
Investment in associate	8	3,023	3,023
Available-for-sale financial assets	9	641	4,408
		<u>235,500</u>	<u>235,133</u>
CURRENT ASSETS			
Receivables	15	211,444	183,241
Prepayments		7	44
Current tax assets		1	1
Cash and cash equivalents	17	11,483	4,367
		<u>222,935</u>	<u>187,653</u>
CURRENT LIABILITIES			
Payables	18	38,150	27,329
Loans and borrowings	19	148	0
		<u>38,298</u>	<u>27,329</u>
NET CURRENT ASSETS		184,637	160,324
NON-CURRENT LIABILITIES			
Loans and borrowings	19	320	0
Deferred tax liabilities	11	659	550
		<u>979</u>	<u>550</u>
NET ASSETS		<u>419,158</u>	<u>394,907</u>
EQUITY			
Share capital	20	277,992	277,905
Treasury shares	20	(4,546)	(18,089)
Reserves		145,712	135,091
TOTAL EQUITY		<u>419,158</u>	<u>394,907</u>

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

STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
Revenue	22	29,739	19,846
Cost of services		(6,666)	(6,793)
Gross profit		<u>23,073</u>	<u>13,053</u>
Other operating income		4,922	2,024
Administrative expenses		(2,336)	(1,780)
Other operating expenses		(1,347)	(1,326)
Profit from operations		<u>24,312</u>	<u>11,971</u>
Finance costs		(12)	0
Profit before tax	23	<u>24,300</u>	<u>11,971</u>
Tax expense	25	(109)	0
Profit for the financial year		<u>24,191</u>	<u>11,971</u>

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017	2016
	RM'000	RM'000
Profit for the financial year	24,191	11,971
Other comprehensive income:-		
<i>Items that may be reclassified subsequently to profit or loss:-</i>		
- Loss on available-for-sale financial assets	(454)	(183)
- Reclassification adjustments on:-		
- Derecognition of available-for-sale financial assets	(170)	(200)
- Impairment of available-for-sale financial assets	684	345
Other comprehensive income for the financial year	60	(38)
Total comprehensive income for the financial year	<u>24,251</u>	<u>11,933</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Non-distributable			Distributable*		Total equity 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 the cost 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 2017 (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	
At 1 January 2017	277,905	(18,089)	87	8,615	(59)	394,907
Transfer from share premium upon abolition of par value	87	0	(87)	0	0	0
Loss on available-for-sale financial assets	0	0	0	0	(454)	(454)
Reclassification adjustments on:-						
- Derecognition of available-for-sale financial assets	0	0	0	0	(170)	(170)
- Impairment of available-for-sale financial assets	0	0	0	0	684	684
Other comprehensive income for the financial year	0	0	0	0	60	60
Profit for the financial year	0	0	0	0	0	24,191
Total comprehensive income for the financial year	0	0	0	0	60	24,251
Distribution of treasury shares as share dividends (representing total transactions with owners)	0	13,543	0	0	0	(13,543)
At 31 December 2017	277,992	(4,546)	0	8,615	1	419,158

* Retained profits as at 31 December 2017 amounting to RM4,546,000, being the cost of treasury shares, 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 2017

	2017	2016
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	24,300	11,971
Adjustments for:-		
Depreciation	370	300
Dividend income	(23,917)	(14,473)
Gain on derecognition of available-for-sale financial assets	(170)	(200)
Gain on disposal of property, plant and equipment	(51)	(21)
Gain on fair value adjustment of investment properties	(2,185)	0
Impairment loss on available-for-sale financial assets	684	345
Interest expense	12	0
Interest income	(573)	(279)
Reversal of impairment loss on investments in subsidiaries	(1,751)	(1,790)
Unrealised (gain)/loss on foreign exchange	(765)	333
Operating loss before working capital changes	(4,046)	(3,814)
Changes in:-		
Receivables and prepayments	(28,166)	(20,161)
Payables	11,586	(2,135)
Cash absorbed by operations	(20,626)	(26,110)
Tax paid	0	(1)
Tax refunded	0	3
Net cash used in operating activities	(20,626)	(26,108)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	23,917	30,463
Interest received	573	279
Proceeds from disposal of available-for-sale financial assets	3,313	3,831
Proceeds from disposal of property, plant and equipment	113	21
Purchase of available-for-sale financial assets	0	(592)
Purchase of property, plant and equipment	27 (90)	(313)
Net cash from investing activities	27,826	33,689
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	0	(9,236)
Interest paid	(12)	0
Purchase of own shares	0	(51)
Repayment of hire purchase obligations	27 (72)	0
Net cash used in financing activities	(84)	(9,287)
Net increase/(decrease) in cash and cash equivalents	7,116	(1,706)
Cash and cash equivalents brought forward	4,367	6,073
Cash and cash equivalents carried forward	17 11,483	4,367

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 61 to 67 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 68 to 73 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 2 April 2018.

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 2016 in Malaysia.

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

FRS	Effective for annual periods beginning on or after
Amendments to FRS 12 <i>Disclosure of Interests in Other Entities</i> (Annual Improvements to FRS Standards 2014-2016 Cycle)	1 January 2017
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

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 Malaysian Financial Reporting Standards

In November 2011, the Malaysian Accounting Standards Board ("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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Malaysian Financial Reporting Standards (cont'd)

The Group and the Company will apply MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in their first MFRS financial statements for the financial year ending 31 December 2018 with a transition date of 1 January 2017. Management foresees that the transition to the MFRS Framework will not result in any significant changes in the accounting policies of the Group and the Company except as follows:-

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

MFRS 1 allows first-time adopters to elect certain exemptions from other MFRSs. Upon transition to the MFRS Framework, the Group and the Company will change their revaluation/fair value model of property, plant and equipment and investment properties to the cost model and use the last valuation on or before the transition date as deemed cost under the MFRS Framework.

MFRS 9 Financial Instruments

MFRS 9, which replaces FRS/MFRS 139 *Financial Instruments: Recognition and Measurement*, sets out the requirements for recognising and measuring financial instruments. The major changes introduced by MFRS 9 (that are relevant to the Group and the Company) relate to the classification and measurement of financial assets. Under MFRS 9:-

- (i) 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. Based on management's assessment, the adoption of the new guidance will not significantly affect the existing classification and measurement of financial assets of the Group and the Company.
- (ii) Impairment loss on financial assets is recognised using a new "expected credit loss" model as opposed to the "incurred credit loss" model currently used in FRS/MFRS 139. Under the new model, expected credit losses are recognised for financial assets using reasonable and supportable historical and forward-looking information even before a loss event occurs. Based on management's assessment, any additional impairment losses to be recognised using the new impairment model are not expected to be material to the Group and the Company.

As allowed by MFRS 1, the Group and the Company will apply the new requirements of MFRS 9 from 1 January 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under FRS 139.

MFRS 15 Revenue from Contracts with Customers

MFRS 15, which replaces FRS/MFRS 111 *Construction Contracts*, FRS/MFRS 118 *Revenue* and other related interpretations, establishes a single comprehensive model for revenue recognition. Under MFRS 15, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognised either over time or at a point in time depending on the timing of transfer of control. Based on management's assessment, the adoption of the new revenue recognition model will not significantly affect the following current practices of recognising revenue:-

- (i) Revenue from the sale of goods and agricultural produce is currently recognised based on the transfer of risks and rewards which generally coincides with the transfer of control at a point in time.
- (ii) Revenue from the rendering of services is currently recognised when the services are performed as the customer simultaneously receives and consumes the benefits from the performance of services over time.
- (iii) Property development revenue is currently recognised by reference to the stage of completion of the development activity as the control of development units sold is generally transferred to the purchasers over time.
- (iv) Construction contract revenue is currently recognised by reference to the stage of completion of the contract activity as the control of construction work-in-progress is generally transferred to the customer over time.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Malaysian Financial Reporting Standards (cont'd)

Upon transition to the MFRS Framework, the Group and the Company will retrospectively apply the new requirements of MFRS 15 from the transition date.

MFRS 141 Agriculture

MFRS 141 requires that biological assets (excluding bearer plants but including the produce growing thereon) and agricultural produce harvested therefrom shall be measured at fair value less costs to sell. Any gain or loss arising from initial recognition at or a change in the fair value less costs to sell is recognised in profit or loss.

Upon transition to the MFRS Framework, the Group will retrospectively recognise the aforementioned assets and gain or loss from the transition date.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

Investment property under construction whose fair value cannot be reliably measured is stated at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

2.7 Investments in Subsidiaries

As required by the Companies Act 2016, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 2017

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 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Financial Assets (cont'd)

Recognition and Measurement (cont'd)

(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.

(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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Financial Liabilities (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Foreign Currency Transactions and Translation (cont'd)

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.

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 127 of the Companies Act 2016. 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 distributable reserves. When treasury shares are resold in the open market, the difference between the sale consideration and the cost of the shares resold is adjusted to share capital. When treasury shares are cancelled, the cost of the shares cancelled is applied in the reduction of distributable reserves and the issued share capital is diminished by the shares so cancelled.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Fair Value Measurement (cont'd)

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).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Employee Benefits (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017, the Group and the Company have recognised impairment loss of RM684,000 on certain available-for-sale financial assets measured at fair value.

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 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.

Valuation of 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (cont'd)

Sources of Estimation Uncertainty (cont'd)

Impairment of receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of receivables. Allowance is applied to 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 receivables as disclosed in Note 15.

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 improve- ment RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Cost/Valuation</u>							
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
At 1 January 2017	121,977	191,346	8,022	6,596	792	190	328,923
Additions	1,009	14,363	512	1,017	0	4,232	21,133
Disposals/Write-offs	0	(419)	(62)	(1,024)	0	(81)	(1,586)
Reclassifications	0	3,758	357	0	0	(4,115)	0
Currency translation differences	(2,177)	(3,549)	(135)	(31)	0	0	(5,892)
At 31 December 2017	120,809	205,499	8,694	6,558	792	226	342,578
Representing:-							
- Cost	7,211	205,499	8,694	6,558	792	226	228,980
- Valuation	113,598	0	0	0	0	0	113,598
	120,809	205,499	8,694	6,558	792	226	342,578

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 improve- ment RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Depreciation and Impairment Losses</u>							
At 1 January 2016							
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
Depreciation	5,659	6,619	769	850	38	0	13,935
Disposals/Write-offs	0	(305)	(55)	(950)	0	0	(1,310)
Currency translation differences	(515)	(2,996)	(105)	(25)	0	0	(3,641)
At 31 December 2017							
Accumulated depreciation	22,107	153,743	5,841	3,978	440	0	186,109
Accumulated impairment losses	379	7	26	0	0	0	412
	22,486	153,750	5,867	3,978	440	0	186,521
<u>Carrying Amount</u>							
At 1 January 2016	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
At 31 December 2017	98,323	51,749	2,827	2,580	352	226	156,057

The details of land and buildings are as follows:-

Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Cost/Valuation</u>				
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 2017

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

Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Cost/Valuation (cont'd)</u>				
At 1 January 2017	24,650	34,521	62,806	121,977
Additions	0	0	1,009	1,009
Currency translation differences	0	(809)	(1,368)	(2,177)
At 31 December 2017	24,650	33,712	62,447	120,809
Representing:-				
- Cost	3,450	0	3,761	7,211
- Valuation	21,200	33,712	58,686	113,598
	24,650	33,712	62,447	120,809
<u>Depreciation and Impairment Losses</u>				
At 1 January 2016				
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
Depreciation	0	1,097	4,562	5,659
Currency translation differences	0	(90)	(425)	(515)
At 31 December 2017				
Accumulated depreciation	0	4,331	17,776	22,107
Accumulated impairment losses	0	0	379	379
	0	4,331	18,155	22,486
<u>Carrying Amount</u>				
At 1 January 2016	24,650	32,757	53,716	111,123
At 31 December 2016	24,650	31,197	48,788	104,635
At 31 December 2017	24,650	29,381	44,292	98,323

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

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		
	2017	2016	
	RM'000	RM'000	
Freehold land	15,582	15,582	
Leasehold land	5,469	5,858	
Buildings	36,803	39,696	
	57,854	61,136	
 Company			
	Furniture, fittings and office equipment	Motor vehicles	Total
	RM'000	RM'000	RM'000
<u>Cost</u>			
At 1 January 2016	163	2,064	2,227
Additions	37	276	313
Disposals/Write-offs	(6)	(705)	(711)
At 31 December 2016	194	1,635	1,829
Additions	29	601	630
Disposals/Write-offs	0	(621)	(621)
At 31 December 2017	223	1,615	1,838
 <u>Accumulated Depreciation</u>			
At 1 January 2016	103	1,277	1,380
Depreciation	19	281	300
Disposals/Write-offs	(6)	(705)	(711)
At 31 December 2016	116	853	969
Depreciation	25	345	370
Disposals/Write-offs	0	(559)	(559)
At 31 December 2017	141	639	780
 <u>Carrying Amount</u>			
At 1 January 2016	60	787	847
At 31 December 2016	78	782	860
At 31 December 2017	82	976	1,058

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

The carrying amounts of property, plant and equipment acquired under hire purchase financing which remained outstanding as at the end of the reporting period are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	994	592	531	0

5. INVESTMENT PROPERTIES

Group

	Freehold		Building under	Total
	land	Buildings	construction	
<u>Fair Value (unless otherwise indicated)</u>	RM'000	RM'000	(at cost) RM'000	RM'000
At 1 January 2016	6,870	2,030	0	8,900
Disposals	0	(800)	0	(800)
Transfer to asset held for sale	0	(400)	0	(400)
Fair value adjustments	1,650	82	0	1,732
At 31 December 2016	8,520	912	0	9,432
Additions	3,457	0	7,955	11,412
Transfer from prepayments	3,308	0	339	3,647
Transfer to land held for property development	(8,000)	0	0	(8,000)
Fair value adjustments	2,175	48	0	2,223
At 31 December 2017	9,460	960	8,294	18,714

Company

	Freehold land RM'000
<u>Fair Value</u>	
At 1 January 2016 / 31 December 2016	23,125
Fair value adjustment	2,185
At 31 December 2017	25,310

The fair values of freehold land and buildings 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).

The fair value of building under construction cannot be reliably measured due to the absence of active market for comparable properties. Management expects the fair value to be reliably measurable when construction is complete.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6. GOODWILL

Group

	RM'000
At 1 January 2016 / 31 December 2016	3,348
Impairment loss	(3,348)
At 31 December 2017	0

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 estimated 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. However, because of the operating losses incurred by the CGU since 2015, the directors are uncertain about the achievability of the financial budgets/forecasts which showed some improving operating results of the CGU. Accordingly, an impairment loss has been recognised in full for the goodwill as the recoverable amount could not be estimated reliably.

7. INVESTMENTS IN SUBSIDIARIES

Company

	2017	2016
	RM'000	RM'000
Unquoted shares - at cost	217,476	217,476
Impairment losses	(12,008)	(13,759)
	205,468	203,717

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2017	2016	
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 ^{(a)/(b)}	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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2017	2016	
<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. ^(a)	Philippines	100.00%	100.00%	Dormant
<u>Subsidiaries of GUH Asset Holdings Sdn. Bhd.</u>				
GUH Electrical Appliances Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
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%	100.00%	Property letting
<u>Subsidiaries of GUH Water Holdings Sdn. Bhd.</u>				
GUH Water (Jiangsu) Pte. Limited ^{(a)/(b)}	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

^(a) Not audited by Crowe Horwath

^(b) Not required to be audited, and consolidated using unaudited financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Unquoted shares - at cost	13,360	13,360	3,023	3,023
Share of post-acquisition changes in net assets	3,998	4,922	0	0
	<u>17,358</u>	<u>18,282</u>	<u>3,023</u>	<u>3,023</u>

The details of the associates are as follows:-

Name of Associate	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2017	2016	
Cambodia Utilities Pte. Ltd. ("CUPL")	Cambodia	20.00%	20.00%	Dormant
Straits International Education Group Sdn. Bhd. ("SIEG")	Malaysia	25.00%	25.00%	Investment holding
<u>Subsidiaries of SIEG</u>				
KIM Straits International Education Sdn. Bhd.	Malaysia	25.00%	25.00%	Dormant
KK Straits International Education Sdn. Bhd.	Malaysia	25.00%	25.00%	Provision of education services
SG Straits International Education Sdn. Bhd.	Malaysia	25.00%	25.00%	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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-current assets	0	0	2,793	3,267
Current assets	36,181	42,151	10,975	4,905
Current liabilities	(343)	(473)	(7,889)	(6,272)
Net assets	35,838	41,678	5,879	1,900
Revenue	0	0	10,282	5,776
(Loss)/Profit (representing total comprehensive income)	<u>(1,878)</u>	<u>2,969</u>	<u>979</u>	<u>(1,564)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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		Total RM'000
	CUPL RM'000	SIEG RM'000	
<u>2017</u>			
Net assets	35,838	5,879	41,717
Contingent consideration	0	3,000	3,000
	<u>35,838</u>	<u>8,879</u>	<u>44,717</u>
Effective ownership interest	20%	25%	20% - 25%
Share of net assets	7,167	2,220	9,387
Goodwill	0	7,971	7,971
Carrying amount	<u>7,167</u>	<u>10,191</u>	<u>17,358</u>
<u>2016</u>			
Net assets	41,678	1,900	43,578
Contingent consideration	0	6,000	6,000
	<u>41,678</u>	<u>7,900</u>	<u>49,578</u>
Effective ownership interest	20%	25%	20% - 25%
Share of net assets	8,336	1,975	10,311
Goodwill	0	7,971	7,971
Carrying amount	<u>8,336</u>	<u>9,946</u>	<u>18,282</u>

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Quoted shares - at fair value	641	4,408	641	4,408
Unquoted shares - at cost	550	550	0	0
Impairment losses	(550)	(500)	0	0
	<u>0</u>	<u>50</u>	<u>0</u>	<u>0</u>
	<u>641</u>	<u>4,458</u>	<u>641</u>	<u>4,408</u>

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 2017

10. PROPERTY DEVELOPMENT ACTIVITIES

Group

Land Held For Property Development

	2017 RM'000	2016 RM'000
At 1 January		
- Freehold land	106,415	83,235
- Development costs	47,527	38,622
	153,942	121,857
Costs incurred		
- Freehold land	(142)	23,524
- Development costs	4,000	8,358
- Borrowing costs capitalised	794	602
	4,652	32,484
Transfer of freehold land from investment properties	8,000	0
Disposals		
- Freehold land	0	(344)
- Development costs	0	(55)
	0	(399)
At 31 December		
- Freehold land	114,273	106,415
- Development costs	52,321	47,527
	166,594	153,942

Certain freehold land with total carrying amount of RM25,488,000 (2016 : RM23,524,000) has been pledged as security for credit facilities granted to the Group.

Property Development Costs

	2017 RM'000	2016 RM'000
At 1 January		
- Freehold land	4,333	4,333
- Development costs	76,392	38,949
	80,725	43,282
Costs incurred		
- Development costs	19,680	37,443
- Borrowing costs capitalised	216	0
	19,896	37,443
Reversal of completed projects		
- Freehold land	(1,352)	0
- Development costs	(27,396)	0
	(28,748)	0
Costs recognised in profit or loss		
- Prior year	(19,224)	(12,114)
- Current year	(11,785)	(7,110)
- Adjustment to completed projects	19,302	0
	(11,707)	(19,224)
At 31 December	60,166	61,501

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

10. PROPERTY DEVELOPMENT ACTIVITIES (cont'd)

Accrued Billings

	2017	2016
	RM'000	RM'000
Property development revenue recognised in profit or loss	17,728	35,536
Billings to purchasers	(9,967)	(29,433)
	<u>7,761</u>	<u>6,103</u>

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	(12,773)	(13,873)	(550)	(550)
Deferred tax income/(expense) relating to origination and reversal of temporary differences	1,311	1,017	(109)	0
Deferred tax liabilities over/(under) provided in prior years	124	(51)	0	0
Derecognition of deferred tax assets	(973)	0	0	0
Currency translation differences	267	134	0	0
At 31 December	<u>(12,044)</u>	<u>(12,773)</u>	<u>(659)</u>	<u>(550)</u>
Disclosed as:-				
- Deferred tax assets	55	973	0	0
- Deferred tax liabilities	(12,099)	(13,746)	(659)	(550)
	<u>(12,044)</u>	<u>(12,773)</u>	<u>(659)</u>	<u>(550)</u>
In respect of:-				
- (Taxable)/Deductible temporary differences of:-				
- Property, plant and equipment	(12,446)	(12,366)	0	0
- Investment properties	(152)	(416)	(659)	(550)
- Investments in associates	(600)	(767)	0	0
- Property development costs	(734)	(1,079)	0	0
- Inventories	1,041	573	0	0
- Financial instruments	847	246	0	0
- Unused capital allowances	0	107	0	0
- Unused tax losses	0	929	0	0
	<u>(12,044)</u>	<u>(12,773)</u>	<u>(659)</u>	<u>(550)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

Save as disclosed above, as at 31 December 2017, 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 RM138,000 and RM28,000 (2016 : RM43,000 and RM30,000) 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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deductible temporary differences of:-				
- Property development costs	1,310	1,137	0	0
- Inventories	231	240	0	0
- Financial instruments	4,569	3,699	4,163	3,699
Unused capital allowances	2,836	1,949	1,021	956
Unused tax losses	38,012	29,026	16,318	13,853
Taxable temporary differences of property, plant and equipment	(575)	(178)	(117)	(126)
	<u>46,383</u>	<u>35,873</u>	<u>21,385</u>	<u>18,382</u>

12. ASSET HELD FOR SALE

Group

	Building RM'000
At 1 January 2016	0
Transfer from investment properties	400
At 31 December 2016	400
Disposal	(400)
At 31 December 2017	<u>0</u>

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

Group

	2017 RM'000	2016 RM'000
Contract costs incurred	57,496	35,592
Recognised profits	6,244	3,818
	<u>63,740</u>	<u>39,410</u>
Progress billings	(64,637)	(42,408)
	<u>(897)</u>	<u>(2,998)</u>
Disclosed as:-		
- Amounts due from customers for contract work	481	1,843
- Amounts due to customers for contract work	(1,378)	(4,841)
	<u>(897)</u>	<u>(2,998)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

14. INVENTORIES

Group

	2017	2016
	RM'000	RM'000
Raw materials	18,948	13,048
Work-in-progress	9,594	7,316
Finished goods	6,571	7,330
Consumables	3,817	3,315
Goods-in-transit	3,009	1,549
Completed development units	25,012	16,311
	<u>66,951</u>	<u>48,869</u>

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade receivables:-				
- Related party ^(a)	50	16	0	0
- Unrelated parties	84,121	84,699	0	0
- Allowance for impairment	(2,980)	(3,175)	0	0
	<u>81,141</u>	<u>81,524</u>	<u>0</u>	<u>0</u>
	81,191	81,540	0	0
Other receivables:-				
- Subsidiaries	0	0	211,434	183,236
- Unrelated parties	3,362	1,557	10	5
	<u>3,362</u>	<u>1,557</u>	<u>211,444</u>	<u>183,241</u>
	84,553	83,097	211,444	183,241

^(a) Being a company in which a director has substantial financial interest

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	28,860	15,752	211,444	183,241
Renminbi	27,067	32,440	0	0
US Dollar	28,626	34,905	0	0
	<u>84,553</u>	<u>83,097</u>	<u>211,444</u>	<u>183,241</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15. TRADE AND OTHER RECEIVABLES (cont'd)

Trade Receivables

Trade receivables are unsecured, non-interest bearing and generally on 21 to 135 day terms.

Included in trade receivables are retention sums for contract work totalling RM5,733,000 (2016 : RM3,717,000).

The movements in allowance for impairment are as follows:-

	Group	
	2017	2016
	RM'000	RM'000
At 1 January	3,175	3,279
Impairment loss recognised	0	2
Impairment loss reversed	(103)	(47)
Impairment loss written off	0	(2)
Currency translation differences	(92)	(57)
At 31 December	<u>2,980</u>	<u>3,175</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	
	2017	2016
	RM'000	RM'000
Not past due	77,652	77,645
Past due 1 to 30 days	3,093	2,902
Past due 31 to 120 days	279	833
Past due more than 120 days	167	160
	<u>81,191</u>	<u>81,540</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.

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2017, there was 1 (2016 : 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 RM10,162,000 (2016 : RM12,204,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2017	2016
	RM'000	RM'000
Malaysia	33,045	23,038
China	33,775	39,808
Indonesia	11,580	13,362
Others	2,791	5,332
	<u>81,191</u>	<u>81,540</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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

16. PREPAYMENTS

Group

	2017 RM'000	2016 RM'000
Down payments for purchase of investment properties	0	3,647
Others	1,683	1,803
	<u>1,683</u>	<u>5,450</u>

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term investments	5,256	0	5,256	0
Term deposits (fixed rate)	66,770	78,870	5,922	4,331
Cash and bank balances	24,194	31,770	305	36
	<u>96,220</u>	<u>110,640</u>	<u>11,483</u>	<u>4,367</u>

Certain term deposits of the Group totalling RM2,871,000 (2016 : RM2,955,000) 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 RM1,898,000 (2016 : RM2,673,000) 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 2017 ranged from 0.35% to 4.65% (2016 : 0.05% to 5.00%) per annum.

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	27,900	21,296	11,479	4,363
Renminbi	52,154	61,750	0	0
US Dollar	16,166	27,594	4	4
	<u>96,220</u>	<u>110,640</u>	<u>11,483</u>	<u>4,367</u>

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and cash equivalents	96,220	110,640	11,483	4,367
Bank overdraft	(561)	0	0	0
Term deposits pledged as security	(2,871)	(2,955)	0	0
	<u>92,788</u>	<u>107,685</u>	<u>11,483</u>	<u>4,367</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables:-				
- Related party ^(a)	1,382	1,722	0	0
- Related party ^(b)	636	1,469	0	0
- Unrelated parties	58,829	63,720	0	0
	<u>60,847</u>	<u>66,911</u>	<u>0</u>	<u>0</u>
Other payables:-				
- Subsidiaries	0	0	25,247	13,772
- Associates	7,087	7,887	7,087	7,853
- Other related party ^(b)	275	198	0	0
- Unrelated parties	28,197	20,128	5,816	5,704
	<u>35,559</u>	<u>28,213</u>	<u>38,150</u>	<u>27,329</u>
Contingent consideration - at fair value	2,941	5,550	0	0
	<u>99,347</u>	<u>100,674</u>	<u>38,150</u>	<u>27,329</u>

^(a) Being a company in which a director has substantial financial interest

^(b) 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	50,441	54,156	31,063	19,476
Renminbi	16,891	19,825	0	0
US Dollar	31,055	25,631	7,087	7,853
Others	960	1,062	0	0
	<u>99,347</u>	<u>100,674</u>	<u>38,150</u>	<u>27,329</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.

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	
	2017 RM'000	2016 RM'000
At 1 January	5,550	0
Fair value at acquisition date	0	5,108
Payment	(3,000)	0
Fair value adjustment	391	442
At 31 December	<u>2,941</u>	<u>5,550</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19. LOANS AND BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Secured</u>				
Hire purchase payables (fixed rate)	854	478	468	0
Bank overdraft (floating rate)	561	0	0	0
Term loans (floating rate)	23,994	15,800	0	0
<u>Unsecured</u>				
Revolving credit (fixed rate)	10,000	0	0	0
Trade facilities (fixed rate)	4,832	0	0	0
Term loan (floating rate)	5,000	0	0	0
	<u>45,241</u>	<u>16,278</u>	<u>468</u>	<u>0</u>
Disclosed as:-				
- Current liabilities	25,328	1,144	148	0
- Non-current liabilities	19,913	15,134	320	0
	<u>45,241</u>	<u>16,278</u>	<u>468</u>	<u>0</u>

Hire purchase payables are secured against the assets acquired thereunder (Note 4). Other secured loans and borrowings are secured against certain development land (Note 10).

The effective interest rates of loans and borrowings as at 31 December 2017 ranged from 2.42% to 5.88% (2016 : 4.66% to 5.05%) per annum.

The currency profile of loans and borrowings is as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	40,409	16,278	468	0
US Dollar	4,832	0	0	0
	<u>45,241</u>	<u>16,278</u>	<u>468</u>	<u>0</u>

Except for hire purchase payables and term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19. LOANS AND BORROWINGS (cont'd)

Hire Purchase Payables

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Minimum hire purchase payments:-				
- Within 1 year	280	112	168	0
- Later than 1 year and not later than 2 years	241	112	128	0
- Later than 2 years and not later than 5 years	413	309	216	0
Total contractual undiscounted cash flows	934	533	512	0
Future finance charges	(80)	(55)	(44)	0
Present value of hire purchase payables:-				
- Within 1 year	245	92	148	0
- Later than 1 year and not later than 2 years	217	97	116	0
- Later than 2 years and not later than 5 years	392	289	204	0
	854	478	468	0

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 Loans

Term loans are repayable over 1 to 5 years. The repayment analysis is as follows:-

	Group	
	2017 RM'000	2016 RM'000
Gross loan instalments:-		
- Within 1 year	10,804	1,843
- Later than 1 year and not later than 2 years	10,968	3,828
- Later than 2 years and not later than 5 years	9,798	10,527
- Later than 5 years	0	2,164
Total contractual undiscounted cash flows	31,570	18,362
Future finance charges	(2,576)	(2,562)
Present value of term loans:-		
- Within 1 year	9,690	1,052
- Later than 1 year and not later than 2 years	10,137	3,156
- Later than 2 years and not later than 5 years	9,167	9,468
- Later than 5 years	0	2,124
	28,994	15,800

The fair values of term loans 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 term loans.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

20. SHARE CAPITAL

	No. of ordinary shares '000	RM'000
<u>Authorised</u>		
At 1 January 2016 ^(a) / 31 December 2016 ^(a)	1,000,000	1,000,000
Cancellation upon abolition of par value	(1,000,000)	(1,000,000)
At 31 December 2017	<u>0</u>	<u>0</u>
<u>Issued and fully paid</u>		
At 1 January 2016 ^(a) / 31 December 2016 ^(a)	277,905	277,905
Transfer from share premium upon abolition of par value	0	87
At 31 December 2017 ^(b)	<u>277,905</u>	<u>277,992</u>

^(a) Ordinary shares of RM1.00 each

^(b) Ordinary shares with no par value

Pursuant to Section 74 of the Companies Act 2016, all shares issued before or upon the commencement of the Act on 31 January 2017 shall have no par value. Accordingly, the amount standing to the credit of share premium has been transferred to share capital.

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:-

	2017		2016	
	No. of shares '000	Cost RM'000	No. of shares '000	Cost RM'000
At 1 January	14,095	18,089	14,035	18,038
Shares purchased	0	0	60	51
Shares distributed as share dividends	(10,552)	(13,543)	0	0
At 31 December	<u>3,543</u>	<u>4,546</u>	<u>14,095</u>	<u>18,089</u>
Average unit cost for the year (RM)		<u>0.00</u>		<u>0.85</u>

During the financial year, the Company distributed 10,552,000 treasury shares as share dividends on the basis of 1 treasury share for every 25 existing ordinary shares in issue.

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

	2017	2016
	No. of shares '000	No. of shares '000
At 1 January	263,810	263,870
Shares purchased	0	(60)
Shares distributed as share dividends	10,552	0
At 31 December	<u>274,362</u>	<u>263,810</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

21. NON-CONTROLLING INTERESTS (“NCI”)

Group

	Accumulated NCI		Loss Allocated to NCI	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
GUH Development Sdn. Bhd.	2	7	(5)	(4)

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
		2017	2016	
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:-

	2017	2016
	RM'000	RM'000
Non-current assets	15,775	14,715
Current assets	495	104
Current liabilities	(15,834)	(13,523)
Net assets	436	1,296
Revenue	0	0
Loss (representing total comprehensive income)	(860)	(750)
Net cash from operating activities	182	32
Net cash used in investing activities	(191)	(17)
Net cash (outflow)/inflow	(9)	15

22. REVENUE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income from sale of goods	293,018	272,691	0	0
Income from sale of plantation produce	1,882	1,426	0	0
Income from rendering of services	0	0	5,210	5,056
Property development revenue	19,269	14,804	0	0
Contract revenue	41,308	25,740	0	0
Dividend income	9	173	23,917	14,473
Interest income	574	279	574	279
Rental income	0	7	38	38
	356,060	315,120	29,739	19,846

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

23. PROFIT BEFORE TAX

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:-				
Auditors' remuneration:-				
- Current year	219	210	46	46
- Prior year	0	1	0	0
Depreciation	13,935	14,146	370	300
Direct operating expenditure for investment properties:-				
- Generating rental income	4	4	23	23
- Not generating rental income	0	2	0	0
Employee benefits expense (Note 24)	70,304	66,588	7,243	7,333
Fee expense for financial instruments not at fair value through profit or loss	325	282	1	1
Impairment loss on available-for-sale financial assets	734	345	684	345
Impairment loss on goodwill ^(a)	3,348	0	0	0
Impairment loss on receivables	0	2	0	0
Interest expense for financial liabilities not at fair value through profit or loss	661	17	12	0
Inventories written down	264	757	0	0
Loss on disposal of land held for property development	0	351	0	0
Loss on disposal of property, plant and equipment	72	0	0	0
Loss on fair value adjustment of contingent consideration	391	442	0	0
Loss on foreign exchange:-				
- Realised	302	0	0	29
- Unrealised	1,473	0	0	333
Property development costs	12,377	7,934	0	0
Property, plant and equipment written off	0	7	0	0
Rental expense	329	257	108	108

^(a) Included in other operating expenses

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

23. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
and crediting:-				
Gain on derecognition of available-for-sale financial assets	170	200	170	200
Gain on disposal of investment properties	60	131	0	0
Gain on disposal of property, plant and equipment	0	108	51	21
Gain on dissolution of subsidiary	0	4	0	0
Gain on fair value adjustment of investment properties	2,223	1,732	2,185	0
Gain on foreign exchange:-				
- Realised	0	1,170	0	0
- Unrealised	0	980	765	0
Interest income for financial assets not at fair value through profit or loss	2,786	3,100	573	279
Rental income from investment properties	6	13	38	38
Reversal of impairment loss on investments in subsidiaries ^(b)	0	0	1,751	1,790
Reversal of impairment loss on receivables	103	47	0	0
Reversal of inventories written down	184	583	0	0
Waiver of debt	34	0	0	0

^(b) Included in other operating income

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24. EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' REMUNERATION)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:-				
- Fees	575	533	540	495
- Other short-term employee benefits	3,265	3,402	3,265	3,402
- Defined contribution plans	597	622	597	622
- Ex-gratia benefits	464	638	464	638
	4,901	5,195	4,866	5,157
Directors of subsidiaries:-				
- Fees	37	47	0	0
- Other short-term employee benefits	920	974	236	191
- Defined contribution plans	60	52	30	23
	1,017	1,073	266	214
Other employees:-				
- Short-term employee benefits	59,001	55,340	1,894	1,761
- Defined contribution plans	5,385	4,980	217	201
	64,386	60,320	2,111	1,962
	<u>70,304</u>	<u>66,588</u>	<u>7,243</u>	<u>7,333</u>

The estimated money value of benefits received or receivable by certain directors otherwise than in cash is as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors of the Company	56	15	56	15
Director of subsidiaries	22	5	17	0
	<u>78</u>	<u>20</u>	<u>73</u>	<u>15</u>

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 2017

25. TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:-				
- Current tax	3,976	5,673	0	0
- Real Property Gains Tax	370	39	0	0
- Deferred tax	(1,311)	(1,017)	109	0
	3,035	4,695	109	0
Tax under/(over) provided in prior years:-				
- Current tax	819	(404)	0	0
- Deferred tax	(124)	51	0	0
Derecognition of deferred tax assets	973	0	0	0
Withholding tax on dividend from foreign subsidiary	2,656	0	0	0
	7,359	4,342	109	0

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	
	2017	2016	2017	2016
	%	%	%	%
Applicable tax rate	24.00	24.00	24.00	24.00
Non-deductible expenses	35.52	6.08	1.77	2.74
Non-taxable income	(6.48)	(2.60)	(26.58)	(33.22)
Reinvestment allowances claimed	(20.03)	(9.99)	0.00	0.00
Increase in unrecognised deferred tax assets	27.83	3.83	2.97	6.48
Effect of differential tax rates	(6.74)	(1.10)	(1.71)	0.00
Average effective tax rate	54.10	20.22	0.45	0.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

26. (LOSS)/EARNINGS PER SHARE

Group

The basic (loss)/earnings per share is calculated by dividing the Group's (loss)/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:-

	2017	2016 (Restated)
(Loss)/Profit for the financial year attributable to owners of the Company (RM'000)	<u>(1,744)</u>	<u>18,878</u>
Number of shares in issue at 1 January ('000)	263,810	263,870
Effect of shares purchased ('000)	0	(30)
Effect of share dividends ^(a) ('000)	<u>10,552</u>	<u>10,554</u>
Weighted average number of shares in issue ('000)	<u>274,362</u>	<u>274,394</u>
Basic (loss)/earnings per share (sen)	<u>(0.64)</u>	<u>6.88</u>

^(a) The calculation of basic earnings per share for the previous financial year has been adjusted retrospectively to reflect the changes in the number of shares as a result of the share dividends.

The diluted (loss)/earnings per share equals the basic (loss)/earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

27. NOTES TO STATEMENTS OF CASH FLOWS

Purchase of Property, Plant and Equipment

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cost of property, plant and equipment purchased	21,133	9,325	630	313
Amount financed through hire purchase	<u>(540)</u>	<u>(500)</u>	<u>(540)</u>	<u>0</u>
Net cash disbursed	<u>20,593</u>	<u>8,825</u>	<u>90</u>	<u>313</u>

Term Loans

	Group	
	2017 RM'000	2016 RM'000
At 1 January	15,800	0
Drawdowns	14,288	15,800
Repayments	(1,052)	0
Other changes	<u>(42)</u>	<u>0</u>
At 31 December (Note 19)	<u>28,994</u>	<u>15,800</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. NOTES TO STATEMENTS OF CASH FLOWS (cont'd)

Short-term Loans and Borrowings

	Group	
	2017 RM'000	2016 RM'000
At 1 January	0	0
Net cash flow changes	14,832	0
At 31 December	<u>14,832</u>	<u>0</u>
Represented by:-		
- Revolving credit (Note 19)	10,000	0
- Trade facilities (Note 19)	4,832	0
	<u>14,832</u>	<u>0</u>

Hire Purchase Payables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	478	0	0	0
Drawdowns	540	500	540	0
Repayments	(164)	(22)	(72)	0
At 31 December (Note 19)	<u>854</u>	<u>478</u>	<u>468</u>	<u>0</u>

28. RELATED PARTY DISCLOSURES

Other than the directors' remuneration as disclosed in Note 24, significant transactions with related parties during the financial year are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Dividends declared from subsidiaries	0	0	23,908	14,300
Rendering of management services to subsidiaries	0	0	5,210	5,056
Renting of premises from subsidiary	0	0	108	108
Renting of premises to subsidiary	0	0	38	38
Purchase of goods from other related parties ^(a)	8,398	7,114	0	0
Purchase of property, plant and equipment from other related party ^(b)	52	55	0	0
Receiving of services from other related parties ^(b)	895	2,583	0	0
Renting of premises from other related party ^(a)	144	144	0	0
Sale of goods to other related party ^(a)	1,245	755	0	0
Sale of property, plant and equipment to director	0	101	0	21
Waiver of debt by associate	34	0	0	0

^(a) Being companies in which certain directors have substantial financial interests

^(b) 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 2017

29. 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>2017</u>							
Segment assets	312,654	268,489	4,706	22,705	20,005	31,262	659,821
Investments in associates	0	0	0	0	0	17,358	17,358
Income tax assets	225	1,639	28	0	376	1	2,269
Total assets	312,879	270,128	4,734	22,705	20,381	48,621	679,448
Additions to non-current assets	20,058	199	81	0	165	15,689	36,192
Segment liabilities	54,551	16,767	1,124	110	10,411	17,762	100,725
Loans and borrowings	19,832	24,941	0	0	0	468	45,241
Income tax liabilities	14,141	468	2	136	0	1,163	15,910
Total liabilities	88,524	42,176	1,126	246	10,411	19,393	161,876
External revenue	285,355	19,269	7,663	1,882	41,308	583	356,060
Intersegment revenue	0	110	18	0	97	29,157	29,382
Total revenue	285,355	19,379	7,681	1,882	41,405	29,740	385,442
Segment profit/(loss)	10,440	1,089	94	893	(6,526)	(2,374)	3,616
Interest income	2,066	77	10	0	60	573	2,786
Interest expense	(479)	(146)	(4)	0	(20)	(12)	(661)
Share of loss of associates	0	0	0	0	0	(131)	(131)
Profit/(Loss) before tax	12,027	1,020	100	893	(6,486)	(1,944)	5,610
Tax expense	(5,712)	(433)	(3)	(215)	(973)	(23)	(7,359)
Profit/(Loss) for the financial year	6,315	587	97	678	(7,459)	(1,967)	(1,749)
Non-cash income	211	40	21	0	103	2,169	2,544
Depreciation	12,764	332	24	70	375	370	13,935
Impairment loss on goodwill	0	0	0	0	3,348	0	3,348
Other non-cash expenses	2,501	0	0	0	48	313	2,862

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29. SEGMENT REPORTING (cont'd)

Operating Segments (cont'd)

	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
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

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	168,652	127,795	286,026	254,321
China	124,287	124,235	55,339	63,787
Indonesia	40,382	44,665	0	0
Other countries	22,739	18,425	0	0
	<u>356,060</u>	<u>315,120</u>	<u>341,365</u>	<u>318,108</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29. SEGMENT REPORTING (cont'd)

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 2017.

30. CONTRACTUAL COMMITMENTS

Group

	2017	2016
	RM'000	RM'000
Additions of investment properties	21,323	3,267
Additions of property, plant and equipment	2,171	62
	<u>23,494</u>	<u>3,329</u>

31. GUARANTEE CONTRACTS

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 RM117,518,000 (2016 : RM93,618,000). The total utilisation of these credit facilities as at 31 December 2017 amounted to RM67,310,000 (2016 : RM37,841,000).

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 (2016 : RM35,736,000) to guarantee the due performance of all the contract works by a subsidiary in a water treatment project.

32. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

32. FINANCIAL RISK MANAGEMENT (cont'd)

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 31.

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.

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 Loss 2017 RM'000	Increase/ (Decrease) in Profit 2016 RM'000	Increase/ (Decrease) in Profit 2017 RM'000	Increase/ (Decrease) in Profit 2016 RM'000
Appreciation of USD against RM by 10% (2016 : 10%)	(345)	1,061	(708)	(785)
Depreciation of USD against RM by 10% (2016 : 10%)	345	(1,061)	708	785
Appreciation of USD against RMB by 10% (2016 : 10%)	798	1,388	0	0
Depreciation of USD against RMB by 10% (2016 : 10%)	(798)	(1,388)	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

32. FINANCIAL RISK MANAGEMENT (cont'd)

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 following table demonstrates the sensitivity of profit or loss to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	(Increase)/ Decrease in Loss 2017 RM'000	Increase/ (Decrease) in Profit 2016 RM'000
Increase in interest rates by 50 basis points	(56)	0
Decrease in interest rates by 50 basis points	56	0

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.

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 Loss 2017 RM'000	Increase/ (Decrease) in Profit 2016 RM'000	Increase/ (Decrease) in OCI 2017 RM'000	Increase/ (Decrease) in OCI 2016 RM'000
Increase in FBMKLCI by 10% (2016 : 10%)	0	0	64	441
Decrease in FBMKLCI by 10% (2016 : 10%)	(64)	(27)	0	(414)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

33. 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		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Total loans and borrowings	45,241	16,278	468	0
Total equity	517,572	524,802	419,158	394,907
Total capital	<u>562,813</u>	<u>541,080</u>	<u>419,626</u>	<u>394,907</u>
Debt-to-equity ratio	<u>8.74%</u>	<u>3.10%</u>	<u>0.11%</u>	<u>0.00%</u>

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

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 30 March 2018

Holdings	No. of Holders	Total Holdings	%
Less than 100	912	49,230	0.02
100 - 1,000	2,450	1,049,712	0.38
1,001 – 10,000	7,117	24,508,742	8.93
10,001 – 100,000	1,763	44,238,639	16.12
100,001 – less than 5% of issued shares	174	125,330,119	45.69
5% and above of issued shares	2	79,185,626	28.86
	12,418	274,362,068	100.00

Note: Excluding the treasury shares of 3,542,471

ANALYSIS OF SHAREHOLDINGS

Substantial Shareholders

As at 30 March 2018

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>	47,150,688	17.19	-	-
2.	Zun Holdings Sdn. Bhd.	32,034,938	11.68	-	-
3.	Puan Sri Datin Seri Ang Gaik Nga	11,954,280	4.36	32,034,938 ^a	11.68
4.	Dato' H'ng Chun Hsiang	2,408,640	0.88	32,034,938 ^a	11.68
5.	Datin Jessica H'ng Hsieh Ling	2,354,040	0.86	32,034,938 ^a	11.68
6.	H'ng Chun Ching	2,340,000	0.85	32,034,938 ^a	11.68
7.	H'ng Hsieh Fern	2,083,160	0.76	32,034,938 ^a	11.68
8.	Tan Sri Dato' Seri H'ng Bok San	-	-	53,175,058 ^b	19.38

Directors' Shareholding

As at 30 March 2018

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Seri H'ng Bok San	-	-	53,175,058 ^b	19.38
2.	Dato' Kenneth H'ng Bak Tee	-	-	1,387,308 ^c	0.51
3.	Dato' Harry H'ng Bak Seah	2,664,405	0.97	-	-
4.	Datin Jessica H'ng Hsieh Ling	2,354,040	0.86	32,034,938 ^a	11.68
5.	Lai Chang Hun	2,847,449	1.04	3,719,955 ^d	1.36
6.	W Ismail Bin W Nik	2,359,156 ^e	0.86	-	-
7.	Chew Hock Lin	-	-	-	-
8.	Dato' Ismail Bin Hamzah	-	-	-	-
9.	Dato' Dr. Gan Kong Meng	-	-	-	-

Notes:

^a Deemed interest via shares held by Zun Holdings Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016

^b 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

^c Deemed interest via shares held by his spouse by virtue of Section 59(11)(c) of the Companies Act 2016

^d 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

^e 2,359,156 shares are pledged under HLB Nominees (Tempatan) Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

Thirty (30) Largest Shareholders

As at 30 March 2018

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>	47,150,688	17.19
2	Zun Holdings Sdn Bhd	32,034,938	11.68
3	Puan Sri Datin Seri Ang Gaik Nga	11,954,280	4.36
4	Song Siew Gnoh	10,036,798	3.66
5	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Deutsche Bank AG Singapore for YEOMAN 3-Rights Value Asia Fund (PTSL)</i>	8,500,000	3.10
6	CIMB Group Nominees (Asing) Sdn Bhd <i>Exempt An for DBS Bank Ltd (SFS)</i>	5,008,804	1.83
7	Tay Teck Ho	4,680,000	1.71
8	Kan Yu Oi Ling	4,451,798	1.62
9	Siaw Poon Keong	4,440,176	1.62
10	Laico Jaya Sdn Bhd	3,602,918	1.31
11	Lai Chang Hun	2,847,449	1.04
12	Shoptra Jaya (M) Sdn Bhd	2,589,756	0.94
13	Dato' H'ng Chun Hsiang	2,408,640	0.88
14	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for W Ismail Bin W Nik</i>	2,359,156	0.86
15	Datin Jessica H'ng Hsieh Ling	2,354,040	0.86
16	H'ng Chun Ching	2,340,000	0.85
17	Dato' Harry H'ng Bak Seah	2,331,189	0.85
18	H'ng Hsieh Fern	2,083,160	0.76
19	Howell Chen Chung	2,060,880	0.75
20	Affin Hwang Nominees (Asing) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Lim Mee Hwa</i>	1,800,000	0.66
21	CIMSEC Nominees (Asing) Sdn Bhd <i>Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	1,765,110	0.64
22	Teo Kwee Hock	1,742,344	0.64
23	Affin Hwang Nominees (Asing) Sdn Bhd <i>Exempt An for DBS Vickers Securities (Singapore) Pte Ltd (Clients)</i>	1,629,517	0.59
24	Zulkifli Bin Hussain	1,600,560	0.58
25	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Tham Hooi Loon (0151)</i>	1,387,308	0.51
26	Alliance Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chong Yiew On (6000006)</i>	1,370,408	0.50
27	RHB Nominees (Tempatan) Sdn Bhd <i>DBS Vickers Secs (S) Pte Ltd for Kuok Khoon Ho</i>	1,267,211	0.46
28	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chee Sai Mun</i>	1,255,232	0.46
29	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teh Kian Lang (E-KLC)</i>	955,896	0.35
30	Kenanga Nominees (Asing) Sdn Bhd <i>Exempt An for Phillip Securities Pte Ltd (Client Account)</i>	929,664	0.34

LIST OF PROPERTIES

As at 31 December 2017

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	31 years	22,235	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	31 years	8,103	31/12/2013
3	160-4-3 Anson Road, 10400 Penang	Freehold	Apartment	153	36 years	670	31/12/2017
4	588 Changjiang Road, New District Suzhou, Jiangsu, China	Leasehold 50 years Expiring on 17/8/2047	Office/ Factory building	53,325	20 years	39,783	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	19 years	1,570	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	488,765	-	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	-	10,374	29/07/2015
10	Lot No. 1692, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	21,250	-	8,000	31/12/2017
11	Lot No. 1693, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	1,998	-	560	31/12/2017
12	27 Jalan Serendah 26/40 Kawasan Perindustrian Hicom Seksyen 26, 40400 Shah Alam Selangor	Freehold	3-Storey Semi-D factory	819	4 years	4,568	-
13	Lot No. 5 Mukim Telui Kiri, Daerah Kuala Muda, Kedah	Freehold	Agricultural land	1,551,773	-	21,200	31/12/2013
14	PT No. 47843 Mukim of Rawang District of Gombak Selangor Darul Ehsan	Freehold	Commerical land	12,141	-	8,900	30/11/2017
15	4935 Jalan Siram, 12100 Butterworth, Penang	Freehold	3-storey terrace shophouse	511	26 years	814	31/12/2013
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	30 years	49	31/12/2013
17	1-1-05 No. 1, Persiaran Bukit Jambul 1, Complex Relau, 11900 Penang	Freehold	Shoplot	86	23 years	290	31/12/2017
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	19 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 54th 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, 22 May 2018 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 2017 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors’ fees and benefits of up to an amount of RM718,500 with effect from 1 January 2018 until the next AGM of the Company to be held in 2019. **Resolution 1**
3. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the financial year ending 31 December 2018 and to authorize the Directors to fix their remuneration. **Resolution 2**

As Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

4. **ORDINARY RESOLUTION –
RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

To retain the following Directors who have served for more than twelve years as Independent Non-Executive Directors of the Company:

 - (i) “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 twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 3**
 - (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 twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 4**
 - (iii) “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 twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 5**
 - (iv) “THAT approval be and is hereby given to En. W Ismail Bin W Nik who has served as Independent Non-Executive Director for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company.” **Resolution 6**
5. **ORDINARY RESOLUTION –
AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Resolution 7**

“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.”

NOTICE OF ANNUAL GENERAL MEETING

6. **ORDINARY RESOLUTION –****Resolution 8****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:

- (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.”

NOTICE OF ANNUAL GENERAL MEETING

7. **ORDINARY RESOLUTION –****Resolution 9****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 27 April 2018; 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
- (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."

8. 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 27 April 2018

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 15 May 2018 shall be regarded as Member to attend, speak and vote at this Meeting or appoint proxy to attend, speak and vote on his stead.

Explanatory Notes to Ordinary Business:

Audited Financial Statements for the financial year ended 31 December 2017

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 2018 until the next AGM

Pursuant to Section 230(1) of the Companies Act, 2016, 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 with the recommendation from the Remuneration Committee that shareholders' approval shall be sought at the Company's 54th AGM for the payment of Directors' fees and benefits in respect of the current year 2018 up till the next AGM of the Company to be held in 2019 in accordance with the remuneration structure set out below.

The remuneration structure payable to the Directors are as follows:

Remuneration Structure:

Directors' fees	RM629,000
Meeting allowances	RM 58,500
Other Benefits-in-kind	RM 31,000

Explanatory Notes to Special Business:

Pursuant to Article 99 of the Company's Constitution (Memorandum and Articles of Association) which is yet to be amended in line with the requirement under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all Directors inclusive of Managing Director shall retire at least once in each 3 years and eligible for re-election.

For the AGM to be held in year 2018, none of the Director is subject to retire under this Article.

Resolution 3, 4, 5 & 6 – Retention of Independent Non-Executive Directors

Resolution 3,4,5 and 6 are to enable Mr. Lai Chang Hun, Mr. Chew Hock Lin, Dato' Ismail Bin Hamzah, and En. W Ismail Bin W Nik to continue serving as Independent Directors of the Company.

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:

NOTICE OF ANNUAL GENERAL MEETING

Justifications:

- (a) Fulfills 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.

The Board will seek shareholders' approval through a two-tier voting process in line with recommendation of the Malaysian Code on Corporate Governance.

Resolution 7 – Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Resolution 7 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 53rd AGM held on 23 May 2017. As at the date of this Notice, the Company has not issued any new shares pursuant to the authority given at the last 53rd AGM which will lapse at the conclusion of the 54th AGM to be held on 22 May 2018. The proposed Resolution 7, 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 8 – Proposed renewal of Share Buy-Back authority

The proposed Resolution 8, 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 27 April 2018, which is dispatched together with the Company's Annual Report 2017.

Resolution 9 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature

The proposed Resolution 9, 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 27 April 2018, which is dispatched together with the Company's Annual Report 2017.

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).

Details of all 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 54 of the Financial Statements of the Company's Annual Report 2017.

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 2017. This mandate will expire on 22 May 2018 and a renewal of this authority will be sought at the 54th 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

No. of Shares Held

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 54th 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, 22 May, 2018 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 and benefits up to RM718,500 with effect from 1 January 2018 until the next AGM of the Company	Resolution 1		
To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorize the Directors to fix their remuneration	Resolution 2		
Special Business		For	Against
To approve Mr. Lai Chang Hun to continue in office as Independent Non-Executive Director	Resolution 3		
To approve Mr. Chew Hock Lin to continue in office as Independent Non-Executive Director	Resolution 4		
To approve Dato' Ismail Bin Hamzah to continue in office as Independent Non-Executive Director	Resolution 5		
To approve En. W Ismail Bin W Nik to continue in office as Independent Non-Executive Director	Resolution 6		
Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Resolution 7		
Proposed renewal of Share Buy-Back Authority	Resolution 8		
Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Resolution 9		



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 15 May 2018 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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Affix
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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