

ANNUAL REPORT 2013



GUH HOLDINGS BERHAD

(4104-W)

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

CORPORATE PROFILE

GUH Holdings Berhad is a Malaysian-based corporation with diversified businesses involved in electronic, electrical, property, plantation, water/wastewater and power.

Incorporated on 1 March 1961 and being listed on the Main Market of Bursa Malaysia Securities Berhad, GUH is committed to building a sustainable future and bringing positive benefits for value creation in the social economy, environment and governance to all its stakeholders.



www.guh.com.my

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Seri H'ng Bok San
Executive Chairman

Dato' Kenneth H'ng Bak Tee
CEO/Managing Director

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

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

Mr. Chew Hock Lin
Independent Non-Executive Director

Dato' Ismail Bin Hamzah
Independent Non-Executive Director

Mr. Lai Chang Hun
Independent Non-Executive Director

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

AUDIT COMMITTEE

Mr. Chew Hock Lin (Chairman)
Dato' Ismail Bin Hamzah
Datin Jessica H'ng Hsieh Ling

NOMINATION COMMITTEE

Dato' Ismail Bin Hamzah (Chairman)
Mr. Chew Hock Lin
Mr. Lai Chang Hun

REMUNERATION COMMITTEE

Dato' Ismail Bin Hamzah (Chairman)
Mr. Chew Hock Lin
Dato' Kenneth H'ng Bak Tee

COMPANY SECRETARIES

Dato' Kenneth H'ng Bak Tee (LS 0008988)
Ms. Kee Gim Tee (MAICSA 7014866)

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
Email: guhholdings@guh.com.my
Website: www.guh.com.my

SHARE REGISTRAR

Mega Corporate Services Sdn. Bhd. (167984-H)
Level 15-2 Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03 2692 4271
Fax : 03 2732 5388

INDEPENDENT AUDITORS

Crowe Horwath (AF 1018)
Chartered Accountants
17.01 Menara Boustead Penang
39 Jalan Sultan Ahmad Shah
10050 Penang
Tel: 04 2277 061
Fax: 04 2278 011

BANKERS

Public Bank Berhad
Citibank 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

PLACE OF INCORPORATION AND DOMICILE

Malaysia

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DIRECTORS' PROFILE



Dato' Seri H'ng Bok San
Executive Chairman
Aged 74, Malaysian

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 major shareholder of GUH. He was appointed to the Board of GUH on 6 January 1994. Dato' Seri H'ng also sits on the Board of Sarawak Cable Berhad, a public company listed on Bursa Malaysia Securities Berhad. 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, Dato' Seri H'ng began his career in various fields from marketing management, business administration to the setting up of businesses and manufacturing. 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, 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.

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. 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 50th Annual General Meeting.

Dato' Seri H'ng attended all of the 5 Board meetings which were held in the financial year ended 31 December 2013.



Dato' Kenneth H'ng Bak Tee
Chief Executive Officer/
Managing Director
Aged 54, Malaysian

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

Prior to that, he was with International Business Machines ("IBM") in Kuala Lumpur and IBM in Asia South Pacific Area HQ in Hong Kong. He was also with Leader Universal Holdings Berhad for 15 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 Dato' Seri H'ng Bok San, the Group's Executive Chairman and Dato' Harry H'ng Bak Seah, the Non-Executive Director of the Company. 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 50th Annual General Meeting.

Dato' Kenneth attended all of the 5 Board meetings which were held in the financial year ended 31 December 2013.



**Dato' Harry
H'ng Bak Seah**
Non-Executive Director
Aged 64, 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, Dato' Seri H'ng Bok San and the Chief Executive Officer/Managing Director, Dato' Kenneth H'ng Bak Tee. His niece, Datin Jessica H'ng Hsieh Ling is also a Non-Executive Director of GUH. Dato' Harry is deemed to have an interest pertaining to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature which will be tabled at the forthcoming 50th Annual General Meeting.

Dato' Harry attended all of the 5 Board meetings which were held in the financial year ended 31 December 2013.



**Datin Jessica
H'ng Hsieh Ling**
Non-Executive Director
Aged 48, Malaysian

Datin Jessica H'ng Hsieh Ling was appointed to the Board as a Non-Executive Director on 20 February 2001. She is a member of the Audit Committee 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, which was formerly listed on Bursa Malaysia Securities Berhad.

Datin Jessica is the daughter of the Group's Executive Chairman, Dato' Seri H'ng Bok San. Her uncles, Dato' Harry H'ng Bak Seah is the Non-Executive Director and Dato' Kenneth H'ng Bak Tee is the Chief Executive Officer/Managing Director of GUH. Datin Jessica is deemed to have an interest pertaining to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature which will be tabled at the forthcoming 50th Annual General Meeting.

Datin Jessica attended 4 out of the 5 Board meetings which were held in the financial year ended 31 December 2013.

DIRECTORS' PROFILE



Mr. Chew Hock Lin
Independent
Non-Executive Director
Aged 70, Malaysian

Mr. Chew Hock Lin was appointed to the Board as an Independent Non-Executive Director of GUH on 20 February 2001. He chairs the Audit Committee and is a member of the Nomination Committee and the Remuneration Committee of the Board. He is also the Senior Independent Director of GUH to whom all concerns may be conveyed. Other Malaysian public companies which he is a Director are Hunza Properties Berhad and Master-Pack Group Berhad.

Mr. Chew graduated with a Bachelor of Commerce Degree from the University of Western Australia. He is a member of the Institute of Chartered Accountants in 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 30 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 year of service in the accountancy profession. Based on his experience in 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 strategy 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 attended all of the 5 Board meetings which were held in the financial year ended 31 December 2013.



Dato' Ismail Bin Hamzah
Independent
Non-Executive Director
Aged 67, 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. Dato' Ismail sits on the Boards of a few public listed companies, namely Engtex Group Berhad, SCC Holdings Berhad, Marco Holdings Berhad and Goh Ban Huat 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 attended all of the 5 Board meetings which were held in the financial year ended 31 December 2013.



Mr. Lai Chang Hun
Independent
Non-Executive Director
Aged 76, 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 attended all of the 5 Board meetings which were held in the financial year ended 31 December 2013.



**En. Wan Ismail
Bin Wan Nik**
Independent
Non-Executive Director
Aged 67, Malaysian

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

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

Save as aforesaid disclosed, En. Wan Ismail does not have any family relationship with and is not related with any Director and/or major shareholder of GUH nor has any personal interest in any business arrangement involving the Company.

En. Wan Ismail attended all of the 5 Board meetings which were held in the financial year ended 31 December 2013.

Save as disclosed in the Directors' Profile, none of the Director of GUH has been convicted of any offences within the past 10 years other than traffic offences, if any.

EXECUTIVE CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of GUH Holdings Berhad, 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 2013.

Our primary focus is to deliver overall business growth while maintaining the sustainability management to integrate broader environmental and societal concerns into our business strategies and performance and be the hallmark of good management and corporate governance to support stakeholder value creation.

Dato' Seri H'ng Bok San
DPPN, DGPN, DSPN, PKT, PJK, JP



EXECUTIVE CHAIRMAN'S STATEMENT

Financial Performance

The Group's revenue improved to RM286.6 million for the financial year ended 31 December 2013 from RM280.4 million for year 2012. The Group recorded lower profit before tax of RM38.6 million for year 2013 compared to RM46.9 million for the previous year mainly resulting from lower dividend income from available-for-sale financial assets.

Significant Event

During the financial year ended 31 December 2013, GUH completed a Bonus Issue exercise on the basis of one bonus share for every two existing ordinary shares of RM1.00 each held in GUH with the purpose to reward its existing shareholders for their loyalty and continued support. It resulted in an increased of the Company's paid-up capital.

As part of our expansion plan, GUH announced that its wholly-owned subsidiary known as GUH Water Holdings Sdn. Bhd. ("GUH Water") completed the acquisition of 300,000 ordinary shares of RM1.00 each in Teknoserv Engineering Sdn. Bhd. ("Teknoserv"), representing the remaining 30% equity interest not owned by GUH Water in Teknoserv for a purchase consideration of RM4.5 million satisfied via the issuance of ordinary shares of RM1.00 each in the Company. With effect thereof, Teknoserv has become a wholly-owned subsidiary of GUH Water. This acquisition will enable GUH Group to step foot into the industry and undertake larger scale of water and wastewater contracts or concessionary businesses in the future by leveraging on the technical capability and project management skill. This exercise also reflects our commitment to steer the Group in line with our corporate strategies and business diversification plan to deliver value to shareholders consistently.

Dividend

The Board has continuously been declaring dividend to our shareholders over the years in its commitment to enhance shareholders' returns. GUH announced an interim dividend of 6.0 sen per ordinary share of RM1.00 each less Malaysian tax at 25% in respect of the financial year ended 31 December 2013 which were duly paid on 18 September 2013 to the shareholders whose names appeared in the Record of Depositors of the Company at the close of business on 3 September 2013.

Corporate Responsibility

The Board embraces the understanding that good business is not just about achieving the desired financial bottom line, but also being ethical and sustainable. The Company has placed corporate responsibility ("CR") firmly onto its corporate agenda as it has recognized and begun with the CR journey and has made it a fundamental part of its business over the years, focusing on the Marketplace, Workplace, Environment and Community.

More information on our initiatives can be found in the Sustainability Report of the Company's 2013 Annual Report.

Board Structure and Governance

The Board is always mindful of their duty to direct their efforts and resources as well as to foster a strong culture of corporate governance towards 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 2013 Annual Report.

EXECUTIVE CHAIRMAN'S STATEMENT

Outlook for year 2014

Notwithstanding the continuing tough business operating environment, the Group is optimistic that Electronic Division expects a growth in revenue mainly from improvement in sales of double-sided and multi-layer printed circuit boards. However, Property Division foresees a slower growth in revenue in view of the property transactions are likely to decline amid cautious sentiment and stringent housing loan regulations by financial institutions. The Electrical Division anticipates a marginal hike in revenue and higher operating expenses for year 2014 while Plantation Division predicts a positive outlook for palm oil sector on improvement in the production of fresh fruit bunches. Water/Wastewater Division expects better performance in line with the increase in order books and more water and wastewater projects secured for year 2014.

Moving forward, we will continue to maximize our capabilities and expertise in the core businesses to remain competitive against challenges. At the same time, GUH is always looking at new investments as part of the Group's business diversification plan to increase our profits and to present more opportunities which we can pursue together to greater heights.

Appreciation

On behalf of the Board, I wish to convey my sincere thanks and appreciation to the management and staff for their invaluable contribution, loyalty and dedication to the Group. My appreciation and gratefulness also convey to my fellow Board members for their invaluable professional advices, guidance and contribution in making the Board more effective and efficient.

Last but not least, I would also like to thank all our valued customers, finance partners, business associates, respected government authorities and shareholders for their continuous trust, understanding, confidence and support to the Group during these past years.

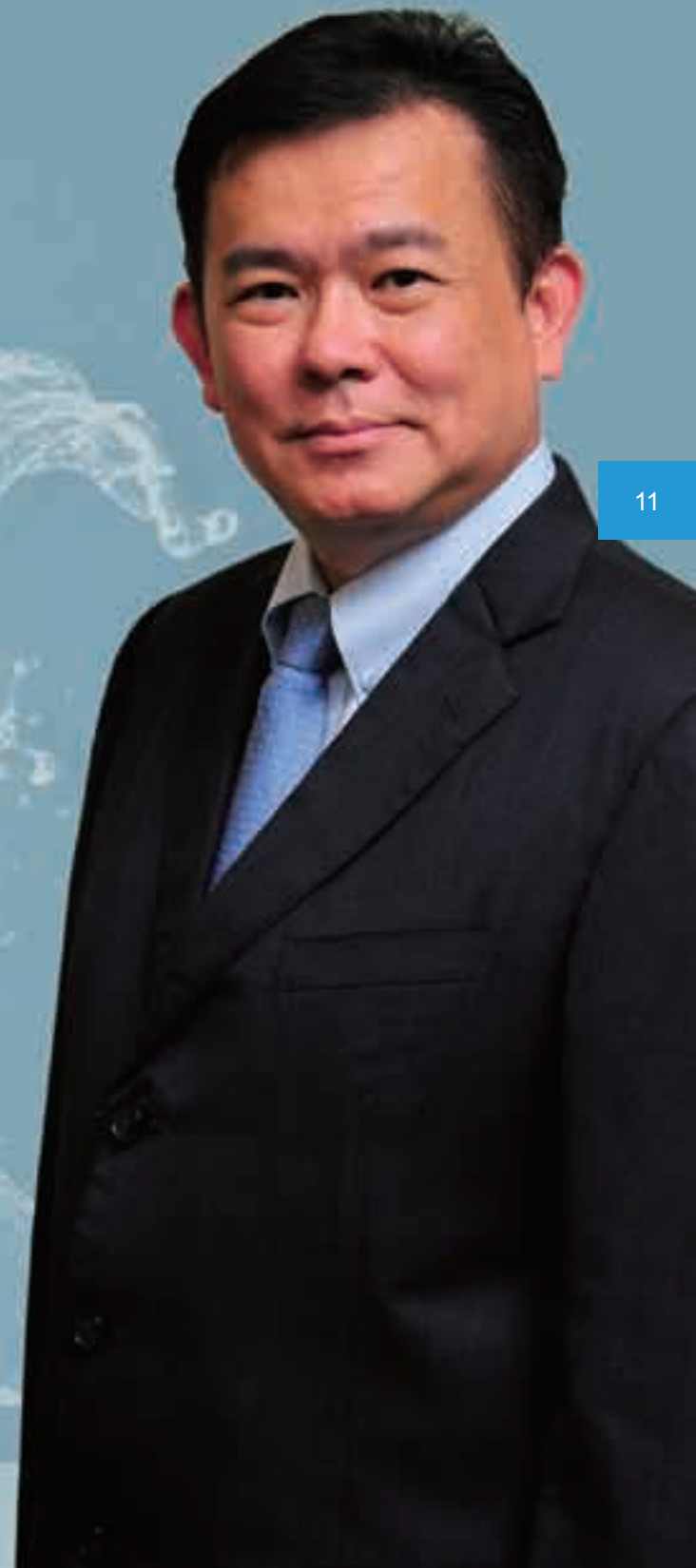
MANAGEMENT'S DISCUSSION & ANALYSIS

Dear Valued Shareholders,

On behalf of the Board of Directors of GUH Holdings Berhad ("GUH"), I am pleased to present the results and performance of GUH and its Group of Companies for the financial year ended 31 December 2013.

For the purpose of enhancing the standards and quality in the disclosure regime and promoting greater transparency within the Group, GUH has embarked on the disclosure of its management's discussion and analysis which provides more insights on its key financial performance and business operation review process.

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

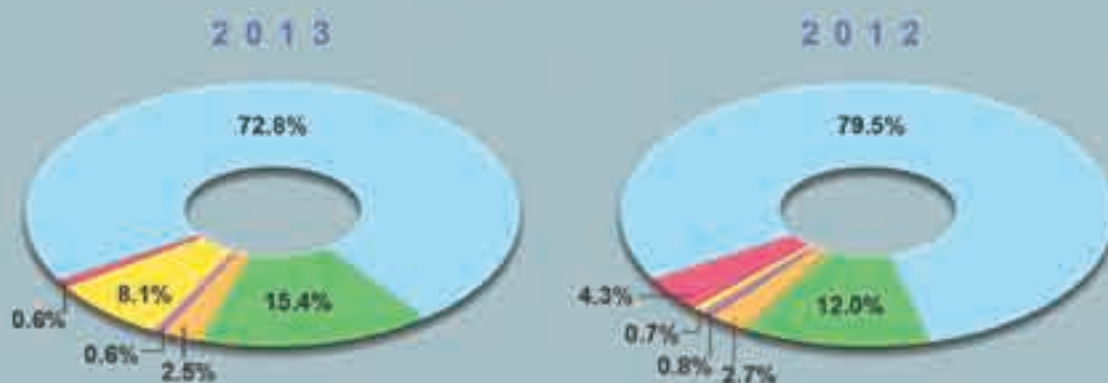


MANAGEMENT'S DISCUSSION & ANALYSIS

GUH Group revenue improved to RM286.6 million for year 2013 from RM280.4 million for year 2012. The Electronic Division generated 72.8% of Group revenue compared to 79.5% a year ago. The Property Division had higher contribution of 15.4% of Group revenue against 12.0% mainly from sale of new phases launched. The Water/Wastewater Division accounted for 8.1% of Group revenue through Teknoserv Engineering Sdn. Bhd. (year 2012: 0.7%) which is the new wholly-owned subsidiary of the Group upon completion of acquisition of the remaining 30% of its total issued and paid-up share capital on 27 December 2013. The Electrical Division brought in 2.5% of Group revenue (year 2012: 2.7%) and the Plantation Division contributed 0.6% of Group revenue (year 2012: 0.8%). The Investment Division only accounted for 0.6% of Group revenue for year 2013 (year 2012: 4.3%).

GUH Group profit before tax for year 2013 of RM38.6 million was lower than profit before tax for year 2012 of RM46.9 million by RM8.3 million, mainly due to the profit before tax for the Investment Division decreased by RM7.9 million compared to year 2012 as a result of lower dividend income from quoted investments of RM0.4 million for year 2013 (year 2012: RM10.5 million). Profit margin before tax of 13.5% was lower than 16.7% a year ago and earnings per share of 11.34 sen was lower than 13.23 sen per share in 2012.

GUH Group Revenue By Segment



GUH Group Profit Before Tax By Segment



Electronic Division Manufacture of Printed Circuit Boards (PCB)

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

The revenue for GUH PG for year 2013 of RM82.6 million was lower than year 2012 of RM108.7 million by RM26.1 million mainly due to the following factors:

- Deterioration in sales of single-sided PCB coupled with a continuous decline in average selling price for all products.
- Stiff competition caused by the lackluster world economy and the resultant price deterioration by major PCB makers caused by overabundance of capacity;
- Labor cost increased significantly due to the compulsory compliance with the Malaysian minimum wage ruling;
- Changes in market conditions, majority of single-sided, double-sided and multi-layered sales shifted to the high mix and low volume scenario and thus efficiency dropped when compared with prior years;
- Changes in sales from low-hole count to high-hole count products thus incurring slower cycle times;
- Lower sales caused production volumes to be below economies of scale.

However the main background reason for the poorer performance is still the unfavorable market conditions caused by the stagnated world economy and the subsequent erosion of consumer spending in major countries. This problem caused the ripple effect of an over abundance of manufacturing capacity across the world and the electronics industry definitely bore the major brunt and thus triggering price as well as sales volume competition.

Despite the uncertain business conditions, GUH PG is confident that with the enactment of our new strategies we shall return to good performance. In 2013, GUH PG managed to develop core competency in manufacturing fine line and large hole-count designs in our double-sided and multi-layered PCB. We thus continue our principle of striving to develop products and services which offer advance designs and good value in pricing, quality safety and environment.

GUH PG also completed its major revamp in processes realignment and flow simplification, strategic machineries investment and three new production buildings. This significant investment which took three years will ensure the sustainability of business by giving the factory a competitive edge in terms of technology and shortened process times. With this capability we will continue to put priorities in development of the end product domain in pursuing diversification into PCB for non audio visual products which have been our major market. Going forward we expect GUH PG to be a center of excellence for double-sided and multi-layered PCB and also single-sided PCB with a higher complexity level and thus a "foot-hold" as a recognized higher complexity level PCB manufacturer in the region.

In the discussion of risks, loss of skilled workers remains chronic. Although we have documented and structured training systems in place, it will take at least six months of training and working practice in order to qualify a new worker to produce at our standard of efficiency and quality. In our scenario, new local workers are difficult to employ and foreign workers normally leave after working three years. They take with them the training, adaptation and experience which is crucial for efficiency, cost and quality. In order

MANAGEMENT'S DISCUSSION & ANALYSIS

to mitigate this risk, we have developed and are continuously improving our worker training system with well documented Standard Operating Instructions as well as officially documented videos of all production processes in order to effectively train new workers.

Another risk is that our single-sided PCB sales continued to deteriorate due to poor demand of audio and video products. However, the silver lining is that customers' forecast of year 2014 shows improvements in sales of the single-sided, double-sided and multi-layered PCB.

We shall also improve our selling point not only on products but also on customer confidence. Our strategy is to keep improving our process and product quality and customer confidence

such that we are not entirely price dependable to obtain sales. Our actions include improving our ability to pass stringent plant audits by improving our visual process controls, pictorial standard operating procedures, "One-Point Lessons" to reduce operator error, 5S and housekeeping and fine samples quality and delivery. A current key indicator is that GUH PG's Quality Index and cost of quality improved significantly. We shall also drive efforts to diversify our end product spectrum and reduce the reliance on audio and visual products. This include wooing new customers and improvements to sample making and passing the test and audits of customers with end products in the automotive, air-conditioners, washing machines, micro-waves and other household appliances.



MANAGEMENT'S DISCUSSION & ANALYSIS

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

The revenue for GUH SZ for year 2013 of RM125.8 million was higher than year 2012 of RM114.1 million. Profit before tax increased by 24.7% to RM18.2 million in 2013 from RM14.6 million in 2012.

GUH SZ is proud to have customers from the list of Fortune Global 500 which plays an important role in maintaining our sustainability. GUH SZ had placed much effort to develop its business to produce more profitable and high volume PCB application such as LED lighting and LED backlight to boost its sales revenue while maximizing the utilization of production capacity. Following the development of new customers in 2012, mass production commenced in year 2013 for double-sided PCB, LED lighting board, LED backlight PCB and single-sided PCB.

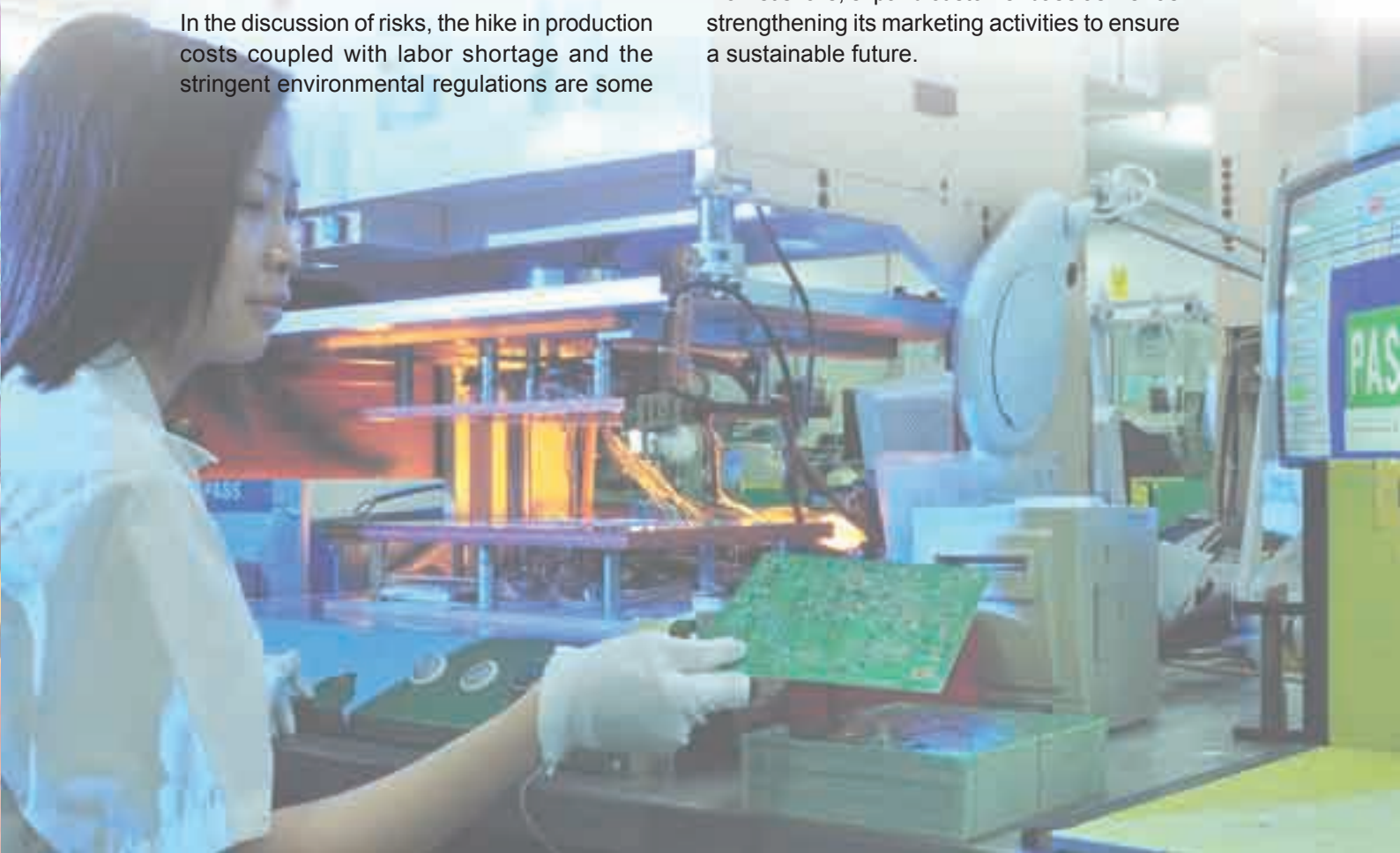
Our strategy to develop new potential customers continues and higher revenue is expected for year 2014. On the domestic market, GUH SZ will continue to develop new customers located in the vicinity of our manufacturing plant in Jiangsu Province to minimize delivery expenses.

In the discussion of risks, the hike in production costs coupled with labor shortage and the stringent environmental regulations are some

of the factors that had caused the less efficient and weaker PCB manufacturers to move out from China to other countries in the Asia Pacific region. Nevertheless, GUH SZ has undertaken various action plans which include cost reduction strategies in logistic, stock control, production planning, overtime control, supplier management and stringent budgetary control.

Other risks are competition from local PCB manufacturers which have been offering lower unit price, extension of payment term, cheaper tooling cost and exemption of engineering cost and set up cost in low end market. GUH SZ is also competing for medium end product such as double-sided and multi-layered PCB with larger MNCs from Japan and Taiwan.

Although the electronic industry had moderate growth in 2013, China remains the dominant producer in the global PCB market. In the short term, China is still sustainable on the back of strong domestic market consumption but softening demand would be the main challenge. GUH SZ will strive to develop new market share, expand customer base as well as strengthening its marketing activities to ensure a sustainable future.



Electrical Division

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

GUH BW expects a flattish revenue growth in 2014. Competition remains very keen in this industry, and pricing will likely remain volume driven especially for the lower-end products. As a mitigating measure, we will continue to focus on higher quality and higher yielding products, such as our own house-brand of ballasts and fittings, and established brands such as Schneider switches and sockets, which we are one of the two key distributors in Northern Peninsular Malaysia.

Having been in the business for more than forty years, GUH BW is proud to be an established trading house in the Northern Region, providing fast and reliable service at fair market price. We remain a trusted vendor for our loyal customers. We will continue to be a supplier for a wide range of electrical installation materials and building materials such as wall and floor tiles, roof tiles, paints, sanitary ware, door and window frames to the construction industry.

We expect GUH BW to continue to contribute positively to the Group bottom line, with low and insignificant risks.



MANAGEMENT'S DISCUSSION & ANALYSIS

Property Division

GUH Properties Sdn. Bhd. (GUH Properties)

Revenue of GUH Properties grew by 30.8% to RM44.2 million in 2013 from RM33.8 million in 2012. The increase in revenue was from sales of Kepayang Residence and progressive revenue recognition for development launched in previous years. GUH Properties recorded profit before tax of RM12.5 million which was a marginal increase of RM0.7 million from RM11.8 million in 2012.

Profit after tax increased by 46.0% from RM6.3 million in the previous year to RM9.2 million in 2013 due to the profit after tax in previous year was affected by deferred tax liabilities arising from timing difference for certain non-current development expenditures.

For the year under review, GUH Properties has undertaken to launch sub-parcel of Kepayang Residence to cater for the overwhelming sales in Kepayang Residence. Various awareness programs have been organized.

Moving forward, besides continuous development and launching of sub-parcel of Kepayang

Residence, GUH Properties will also focus on high-end landed residential development with green building concept and sophisticated security system. Apart from that, GUH Properties will further embark on commercial project with retails outlets, recreation/ leisure facilities, food and beverage outlets, shops and offices.

Property market is expected to slow down and further soften with recent various cooling measures such as increase in real property gains tax and stricter bank lending guidelines. Nevertheless, GUH Properties remains cautiously optimistic on maintaining sales growth due to the strategic location of Taman Bukit Kepayang which is adjacent to Seremban/Labu interchange of North South Highway and good connectivity to major trunk road. Amenities and shopping centers are within easy vicinity.

GUH Properties will continue to scout for land to increase its land bank to cater for future growth.



Plantation Division

GUH Plantations Sdn. Bhd. (GUH Plantations)

GUH Plantations had a lower production of fresh fruit bunches (FFB) for both young and mature palms in 2013. The lower FFB production and prices resulted in lower revenue and profit before tax as compared to the previous year.

To ensure sustainability, GUH Plantations continue to practice proper harvesting of FFB and loose fruit collection to achieve high extraction

rate. In terms of environmental responsibility, we practice zero burning in the plantation and the use of chemicals that do not contain banned substances. We will continue to look for opportunities in other parts of the country to increase its land bank for oil palm plantation projects to ensure a sustainable future for the Plantation Division.



Water/Wastewater Division

GUH Water Holdings Sdn. Bhd. (GUH Water) Teknoserv Engineering Sdn. Bhd. (Teknoserv)

On 27 December 2013, GUH Water acquired the remaining 30% equity interest in Teknoserv from the minority shareholders for a total purchase consideration of RM4.5 million, satisfied by the allotment and issuance of GUH shares. Upon completion of the acquisition, Teknoserv became a wholly-owned subsidiary company of GUH Water. This will enable GUH Water to fully consolidate the 100% contribution of Teknoserv's results in GUH Water's results for the financial year ending 31 December 2014. Hence, earnings and earnings per share (EPS) of GUH Group are expected to improve from the additional profit contribution arising from the acquisition.

During the year, Teknoserv secured three contracts with total contracts value of RM39.1 million which involved water and wastewater treatment plants in Malaysia. For the financial year ended 31 December 2013, Teknoserv

recorded revenue of RM23.3 million. As a result, Teknoserv registered a profit before tax of RM2.7 million. Teknoserv has a total on-going contracts valued at approximately RM50.3 million and active tender value amounting to RM133.3 million as at 31 December 2013.

The management team is currently expanding the company business particularly in East Malaysia and SEA countries via partnership with identified reliable local company to secure sizeable contracts. In the meantime, the Water/Wastewater Division is also exploring and looking forward to make its foray into growing countries such as Myanmar and Cambodia via the "Built, Operate and Transfer" (BOT) investment model in the water and wastewater projects. With the aim for the investment to be materialized, GUH Water/Wastewater Division anticipates to generate stable and recurrent income stream to the Group in the near future.



Power Division

Cambodia Utilities Pte. Ltd. (CUPL)

GUH owns 20% stakes in CUPL which undertakes an eighteen years "Built-Operate and Transfer" power generation project in Phnom Penh, Cambodia. Leader Universal Holdings Berhad, a company related to GUH, owns another 60% shares of the concessionaire company.

The financial performance of CUPL has been consistent since its inception in 1997. Under the concession agreement, escalating fuel cost will be passed-thru to the off-taker and as such the company will not be affected by the fluctuation in fuel cost. The 37.1 megawatt fuel oil-fired diesel engine power plant in Phnom Penh has consistently delivered dividends of approximately USD2.0 million per annum and we expect this return will repeat until the expiry of the concession in May 2015.



Financial Position of GUH Group

The Group's total assets as at 31 December 2013 remained at RM563.7 million while equity attributable to owners of the Company grew to RM490.1 million from RM422.7 million. Net assets per share attributable to owners of the Company stood at RM1.82 per share, compared to RM2.40 per share last year. Total cash of the Group improved from RM160.3 million in 2012 to RM183.3 million in 2013, demonstrating the strong financial foothold of the business.

CORPORATE STRUCTURE

GUH HOLDINGS BERHAD



100% GUH Electronic Holdings Sdn. Bhd.

- 100% GUH Circuit Industry (PG) Sdn. Bhd.
- 100% GUH Circuit Industry (Suzhou) Co., Ltd.
- 100% Grand United (BVI) Co. Ltd.
- 100% Grand Circuit Industry (Philippines) Inc.

100% GUH Electrical Holdings Sdn. Bhd.

- 100% GUH Electrical (BW) Sdn. Bhd.
- 100% GUH Electrical (KL) Sdn. Bhd.
- 100% GUH Electrical Appliances Sdn. Bhd.
- 100% Malaysian Mechanical Engineering Industries Sdn. Bhd.
- 100% Tecnovac Marketing Sdn. Bhd.
- 100% GUH Realty Sdn. Bhd.
- 100% Jeladan Sdn. Bhd.

100% GUH Properties Sdn. Bhd.

100% GUH Plantations Sdn. Bhd.

100% GUH Water Holdings Sdn. Bhd.

- 100% GUH Water (Jiangsu) Pte. Ltd.
- 100% GUH Water (Gaochun) Co. Ltd.
- 100% Teknoserv Engineering Sdn. Bhd.

100% GUH International (HK) Pte. Ltd.

20% Cambodia Utilities Pte. Ltd.

FINANCIAL HIGHLIGHTS



Restated due to retrospective application of amendments to FRS112 "Deferred Tax: Recovery of Underlying Assets" in FY 2012.

FINANCIAL HIGHLIGHTS



* Restated due to retrospective application of amendments to FRS 117 "Leases" in FY 2010.

Restated due to retrospective application of amendments to FRS112 "Deferred Tax: Recovery of Underlying Assets" in FY 2012.

@ Restated due to retrospective application of amendments to FRS 117 "Leases" and amendments to FRS112 "Deferred Tax: Recovery of Underlying Assets" in FY 2010 and FY 2012 respectively.

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

^^ Restated due to retrospective application of amendments to FRS112 "Deferred Tax: Recovery of Underlying Assets" in FY 2012 and retrospective adjustment to reflect the changes in the number of shares as a result of 1 for 2 Bonus Issue in November 2013.



**SUSTAINABILITY
REPORT**

SUSTAINABILITY REPORT

In line with the vision of GUH Holdings Berhad (“GUH” or “the Company”), we are committed to be a profitable yet caring corporation that endeavors to maximize the interest of our shareholders, employees, customers and to uphold our responsibility to society, community and environment.

GUH has maintained its sustainability journey and has always placed continuous efforts in driving the sustainability initiative a priority in the corporate agenda to ensure that we operate towards a sustainable and profitable future.

The Company and its business cannot sustain itself in isolation from the society and environment in which it operates. The Board of Directors (“the Board”) of GUH is always committed to embedding the environmental, social and governance criteria in our business operations and developments and to do what we are doing, beyond the business.

Sustainability in our corporate strategies is about obtaining a good balance of three aspects in the social economic and environmental that can be referred as the “People, Planet & Profit.” We are now focused on being responsible to not only the shareholders, but to all stakeholders.

Our sustainability management has been driven to focus amongst others, maximizing shareholders value, compliance, increase customers loyalty, health and safety, philanthropy and many other areas across the four sectors on the Marketplace, Workplace, Environment and Community.

Care For The Marketplace

GUH is committed to be a profitable yet responsible corporation and our business conduct shall be guided by integrity, transparency and accountability. We are always accountable to our shareholders and promoting responsible practices among our business partners, showing care to our customers and upholding good corporate governance to meet the expectation of our investors.

Creating consistent returns for shareholders is one of our key objectives. GUH has been declaring dividends out of profits to its shareholders over the years. In 2013, an interim dividend of 6.0 sen per share of RM1.00 each less 25% income tax had been declared and paid to the shareholders on 18 September 2013. 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.

Bonus Issue has been implemented and completed on 14 November 2013 on the basis of one bonus share for every two existing ordinary shares of RM1.00 each held in GUH with the purpose to reward its existing shareholders for their loyalty and continued support, by enabling them to have a greater participation in the equity of the Company in terms of number of shares held, whilst maintaining their percentage of equity interest.

Annual General Meeting is a principal forum for the dialogue between the Company and its shareholders. All material information are disseminated through appropriate channels in open and timely manner. Quarterly results, announcements, Annual Reports and press releases are available on our corporate website, www.guh.com.my to provide information to the shareholders.

In ensuring sustainability of business and customer confidence, we strive to develop and provide products and services which offer good value in terms of pricing, quality, safety and environment impact. In year 2013, our manufacturing plant in Penang, GUH PG, completed a major revamp in process re-alignment, flows simplification and improvement of working environment to further strengthen our platform for sustainability of business in order to pave the way for the future.

At the end product perspective, we have also diversified from our traditional focus and endeavor to enter into the electronics automotive parts arena with several strategic actions initiated. Hence, our customer domains and end product potential have been greatly enhanced and we have confidence in the sustainability of products for the future.

SUSTAINABILITY REPORT

In meeting the customers' needs and satisfaction, the manufacturing plants have been awarded numerous accreditations and certifications. GUH PG has been and continues to be accredited to the Quality System of ISO9001 and TS16949. An event worthy of note is that GUH PG was awarded the Exceptional Vendor Performance by Yamaha Electronics Manufacturing Sdn. Bhd. for year 2012 and this award was officially received in June 2013.

GUH PG will continue to participate actively and respond positively in providing and meeting the customers' needs and requirements in terms of social, economic and environmental aspects. It will continue to strive to maintain its place as one of the largest companies in the industry in providing its best quality, on time delivery, and care of environment.

We endeavor to choose the right suppliers as we are aware that choosing the right suppliers may influence the social and environmental impacts. We aim to create responsibility and a fair business relationship with all the suppliers.

GUH also acknowledges the importance of good corporate governance and therefore pledges and acts 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. The Board leads and embraces the philosophy of accountability and transparency disclosure.

Sustainability Policy is formalized in place to ensure the Company's strategies give attention to environmental, social and governance aspects of business. Our financial reports are managed in accordance with the rules and requirements of regulatory bodies such as the Listing Requirements, the Companies Act, 1965 and the Malaysian Accounting Standards Board in Malaysia. Internal control and governance are at exemplary levels 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.

GUH continues to seek mutually beneficial relationships with its customers, contractors, suppliers, joint ventures and business partners. Efforts are continuous to identify new and innovative commercial opportunities to strengthen our market presence.



SUSTAINABILITY REPORT

Care For The Workplace

Employees are assets of GUH. To respect the human rights of the employees, we provide conducive and safe working conditions with competitive terms and conditions of employment.

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

The Company also works towards the ability of attracting and retaining a talented and diverse work force by providing training. GUH also has a career development system to inspire and attract good caliber employees. We have in place a proper performance review system for the staff. The system of review, discussion, strengths and weaknesses identification, training needs and objective setting based on the overall mission of the Group encourages people to improve their performance with a focus. Promotions and rewards are awarded to high caliber employees. Good employees are rewarded accordingly on an annual individual performance review based on a systematic scoring and assessment system. This is expected to provide the synergistic energy to enhance the Group's performance in the future.

At the grass-root level, the Group's manufacturing plant has consistently improved the minimum wage and benefits market requirements for both local and foreign workers. The workers enjoy an incentive scheme based on motivation, quality, attendance and discipline weightings. In addition, the company also provides factory buses, uniforms, medical and insurance and a subsidized canteen for all its employees.

GUH is proud to have a healthy work force who has benefited from the health and well being initiatives put together by its management. The Group is always on the lookout on participative events that contribute to a healthy workforce. GUH sponsors a range of sporting events and activities which are conducted before or after work. Yoga classes are conducted by a professional yoga instructress on a weekly basis for health benefits and overall well being. Employees of GUH also participated in the StarWalk "Walk with Us" charity event in September 2013.

GUH believes that teamwork among its employees is vital for the Group to work towards greater heights of success. We appreciate the hard work, dedication and support of our employees, hence teamwork activities have been organized over the years with the aim to increase the teamwork spirit, foster closer bond among its employees while motivating and improving their morale. Employees of the Group participated in the team building programme organized by the Company in November 2013.

GUH organized several functions for its employees from all Divisions and took the opportunity to extend its appreciation to the employees for their hard work and dedication to the Group throughout the year. GUH management is constantly on the lookout for opportunities to improve staff morale, better quality of new recruitments and staff retention as the fundamental of a company with good corporate responsibility.





SUSTAINABILITY REPORT

Care For The Environment

GUH is committed to embedding environmental criteria in our operations and investment decisions. Corporate responsibility is one of the keys to sustainability where we strive to achieve a sustainable balance between development and conservation. Our business and operations are carefully planned and designed to minimize and protect the impact on the ecosystem.

GUH as an ultimate Holding Company, always plays a lead role by educating our associates, employees, suppliers, customers and consumers that global warming to a large extent is caused by the environment footprint of industries. Several conservation and efficiency improvement measures have been implemented to address environmental issues and challenges. WLAN system and internet access is implemented throughout the Group with the aim to reduce paper usage in line with our efforts to reduce global warming.

We advocate and encourage the 3R – Reduce, Reuse and Recycle among our employees. All employees have been urged to continuously use the recyclable bags and food containers as part of our “Go Green” programmes. Employees are also encouraged to utilize reusable eating utensils instead of disposable ones, choose a vegetarian lifestyle and in saving resources to help minimize carbon footprint, GUH has joined in the ranks of recycling by placing recycling bins within its premises with the aim to promote the 3R system in the society.

As a manufacturing concern, we acknowledged the need to reduce carbon footprint to minimal levels. GUH PG continuously upgrades its infrastructure and systems to reduce emissions,

discharges and to upkeep our principles of 3R to minimize the impact on the environment and to do our part in reducing pollution. GUH PG operates with an efficient and certified waste water management and a 3R system with a building that ensures segregation of manufacturing waste, a KANBAN system that ensures timely collection and safeguarded with an internal policy and auditable records.

The “Win a Bicycle” contest was held in March 2013 and the winners took home bicycles sponsored by the Company. This idea is part of the “Go Green” efforts of the Group to create awareness to and educate the employees and their family members on the importance of environmental protection so as to encourage “car free days” during weekends, hence minimizing carbon dioxide emissions to the atmosphere.

The concept to care for the environment is extended to our Property Division, which provides decorated greenery and landscaped open space for each housing scheme environment. In addition, decorating residential environment with soft and hard landscape helps to spruce up the unkempt road reserves. The development planning and design endeavors to offer extension free concept, which provides adequate and comfortable space that do away with hacking and building extension.

Though the Group’s Plantation Division is operating at a small scale, there is no burning or hazardous weedicide allowed. Only weedicide that is in compliant with the regulations and the application of biological control are used across the operations.



SUSTAINABILITY REPORT

Care For The Community

GUH supports and cares for the community and continuously contributes financial aid to charitable organizations. During the year, GUH gave a RM55,000 donation to Buddhist Tzu-Chi Merits Society Malaysia. In addition, GUH gave a RM10,000 donation to Ru Yi Home in conjunction with Penang Starwalk 2013 Charity Walk. This annual activity participated by GUH is to achieve our aim to contribute and aid in raising our concerns to the local community. GUH also gave cash donation to a few orphanage homes such as Ramakrishna Ashrama, the Salvation Army Penang Children Home and Children's Protection Society during the year in the hope that the daily needs of the children are taken care of.

GUH believes that each little effort contributed by each individual, be it a corporation or an employee, will make social responsibility a reality. Care for the community is not a mere talk as the Company and its employees will always work together and show the same commitment and determination in ensuring its success.

As a corporate citizen with a sense of responsibility, GUH continues to look into ways in contributing more towards the community. Employees are also encouraged to participate in providing all kinds of charitable assistance to the poor and needy. As part of the motivation, employees are allowed time off to participate in all the charitable volunteer efforts.



CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) of GUH Holdings Berhad (“GUH” or “the Company”) is committed to exercise their power and to act bona fide in the best interest and benefit of all its shareholders and other stakeholders. Of equal importance, the Board is committed to ensuring that the highest standard of corporate governance as embodied in the Malaysian Code on Corporate Governance 2012 (“the Code”) is practiced throughout GUH and its subsidiaries (“the Group”) as a key part of the process in building a sustainable business.

This Corporate Governance Statement describes on how the Company has applied the principles as set out in the Code and the extent of its compliance with the principles. The reason that GUH has not applied specific principles in the Code, is also explained in this Statement.

I. BOARD OF DIRECTORS

1. Board Charter

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

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

2. Composition of the Board

There are eight (8) Board members, comprising the Executive Chairman, the Chief Executive Officer/Managing Director (“CEO/MD”) and six (6) other Non-Executive Directors, four (4) of whom are Independent Non-Executive Directors.

The roles of the Executive Chairman and the CEO/MD are distinct and separate with their responsibilities clearly defined to ensure a balance of power and authority. The separation of the two (2) positions in the Company also promotes accountability and facilitates division of responsibilities between them. Dato’ Seri H’ng Bok San, the Executive Chairman is primarily responsible for running the Board and ensures that the Board accepts full share of responsibilities of governance. He is also responsible for the integrity and effectiveness of the relationship between the Independent and the Non-Independent Directors. Dato’ Kenneth H’ng Bak Tee, the CEO/MD is responsible for the day to day operations of the Group. In addition, his responsibilities include among others, reporting, clarifying and communicating matters relating to the daily operations to the Board and to ensure the business; policies and strategies formulated by the Board are implemented effectively with the assistance from the management team.

The Code recommends that the Chairman of the Board must be a Non-Executive member and where the Chairman is not an Independent Director, it must comprise a majority of Independent Directors. The Board has decided to depart from this recommendation of the Code as the Board acknowledges 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“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 one half (1/2) of the Board members, though not forming a majority, is sufficient to provide the necessary checks and balances on the decision making process of the Board. They possess integrity and extensive experience to provide unbiased and independent views to the Board. They consistently challenged the management and the Board in an effective and constructive manner and therefore are able to function as check and balance and bring in justified opinions to the Board of Directors. The Executive Chairman also encourages healthy debates on important issues and promotes active participation by Board members.

Mr. Chew Hock Lin is the Senior Independent Non-Executive Director to whom queries or concerns relating to the Group may be conveyed by shareholders by way of writing to the Company's registered address or e-mail to guhholdings@guh.com.my. With his extensive experience in the accountancy fraternity for more than thirty (30) years, he brings in insight knowledge to the Board, as well as promotes the highest level of corporate governance and to lead in all governance related issues for the benefits of the Company.

The Non-Executive Directors are not involved in the day to day management and do not participate directly in the business dealing of the Company so as to discharge their duties, free from any business or other relationship, which could materially interfere with their independent judgment and to avoid any conflict of interest possibilities. For any potential conflict of interest that may arise in each transaction, in which case, interested Directors are abstained from all deliberations and decision making.

The profile of each Director is presented on pages 4 to 7.

3. Duties and Responsibilities of the Board

The Board delegates the business strategies and operations of the Group to the Executive Chairman and the CEO/MD who have vast experience in the business of the Group. The Board is also assisted by a management team relevant to the Group's business operations. The Board is primarily responsible for the Group's overall strategic plans for the growth of the Group, setting policies appropriate for the business, overseeing the proper conduct of business, monitoring management performance and business results, approving budget, succession planning, risk management, internal control, management information systems, statutory matters and shareholders' communication.

The Directors have a diverse set of skills, experience and knowledge necessary to govern the Group. The Non-Executive Directors are well-versed and experienced in various fields include finance, accounting, economics, marketing and public administration. Together they bring a wide range of competencies, capabilities and relevant business experience to ensure the Group continues with competitive operational existence and sustainable.

4. Board Meetings

The Board conducts at least four (4) scheduled meetings annually, with additional meetings convened as and when necessary. During the financial year ended 31 December 2013, five (5) Board meetings were held. The CEO/MD tables and presents comprehensive reports, including the Group's financial statements versus budget and financial ratios for the Board's consideration. Other topics such as the operating activities of the Group and subsidiaries, strategic plans and policies, investment decisions, future business planning and capital expenditure are also tabled to the Board for discussion and deliberation. Issues and decisions made during Board meetings are recorded by the Company Secretary. Minutes of each Board meeting are circulated to each

CORPORATE GOVERNANCE STATEMENT

Director prior to confirmation of the minutes by the Executive Chairman in the next Board meeting. Minutes and resolutions passed at each Board meeting are kept in the statutory register at the registered office of the Company. The daily operational matters that require immediate Board decision will be sought via Directors' Circular Resolutions, supported by full detailed information. The Board normally ratifies the Circular Resolutions at the subsequent Board meeting.

The attendance records of each Director are as follows:

Name of Directors	Number of Meetings Attended	Percentage
Executive Chairman		
Dato' Seri H'ng Bok San	5/5	100%
CEO/MD		
Dato' Kenneth H'ng Bak Tee	5/5	100%
Independent Non-Executive Directors		
Mr. Chew Hock Lin	5/5	100%
Dato' Ismail Bin Hamzah	5/5	100%
Mr. Lai Chang Hun	5/5	100%
En. Wan Ismail Bin Wan Nik	5/5	100%
Non-Executive Directors		
Dato' Harry H'ng Bak Seah	5/5	100%
Datin Jessica H'ng Hsieh Ling	4/5	80%

5. Supply of information

All Directors of the Company have full access to information concerning the Company and the Group. They are provided with the agenda of Board meetings together with the Board papers containing financial, performance and progress reports and other relevant information prior to the scheduled Board meetings. The Directors would also seek the advice and services of the senior management or 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. The Directors may seek independent advice, where necessary so as to ensure they are able to make independent and informed decisions. In assisting the Board, the Company Secretary undertakes responsibilities in preparing agendas with the Executive Chairman and the CEO/MD and notifying all Directors, ensuring effective meeting flows, advising the Board on the implementation of the Code, monitoring compliance of principles and practices, keeping abreast to the enhancement in corporate governance and ensuring high standards of governance.

6. Board Committees

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

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The Executive Committee comprises four (4) members, three (3) of whom are Non-Executive Directors to assist the Board in reviewing and discussing any investment/business development project and to evaluate the viability of the proposed project. This will allow matters that fall within the Committee's terms of reference to be deliberated by the Committee, thus reducing the Board's agenda.

The Audit Committee comprises three (3) Non-Executive Directors, two (2) of whom are Independent. The primary objective of the Audit Committee is to review the results of internal and external audit activities and to ensure compliance with all applicable accounting standards and any other relevant regulatory authorities.

The terms of reference of the Audit Committee are available for reference at www.guh.com.my and the summary of activities are set out in the Audit Committee Report on pages 46 to 50.

The Risk Management Committee comprises one (1) Non-Independent and two (2) Independent of whom all are Non-Executive Directors to assist the Board in discharging its risk management, identification of risks related to current business and new investments and/or divestment and control responsibilities. With the support from the senior management of all the Group's business divisions, Risk Management Committee convenes meetings for the purpose of identifying, evaluating and managing the significant risks with appropriate action plans.

The Nomination Committee comprises three (3) Non-Executive Directors, all of whom are Independent. Pursuant to the recommendation of the Code, the Chair of the Nomination Committee should be the senior independent director identified by the Board. The Board is of the view that Dato' Ismail Bin Hamzah has considerable experience via his key position held in his profession in the past and he has been holding the position of director in many other public listed companies and is therefore considered a senior and competent as the Chairman of the Nomination Committee of the Company.

The Nomination Committee is primarily empowered by its terms of reference in carrying out the functions among others, to review annually the required mix of skills, experience and other qualities including core competencies of each Director shall bring to the Board. Other functions shall include the evaluation and assessment of effectiveness of the Board as a whole, and also all other Committees appointed by the Board.

The details of the terms of reference of the Nomination Committee are available for reference at www.guh.com.my.

The Remuneration Committee comprises mainly the Independent Non-Executive Directors to review the remuneration of the Executive Directors of the Company, and to recommend to the Board for final decision.

The details of the terms of reference of the Remuneration Committee are available for reference at www.guh.com.my.

7. Appointment to the Board

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 evaluation was carried out, compiled and left anonymous in order to achieve an honest general consensus and this is facilitated by the Company Secretary's office which circulates evaluation questionnaires covering wide areas of scopes for the performance assessment to be carried out by every Director of the Company. During the year, assessment on

CORPORATE GOVERNANCE STATEMENT

the independence of the Independent Directors has been carried out. The criteria for assessing the independence of an Independent Director among others; include the relationship between the Independent Director and the Group and his involvement in any significant transaction with the Group.

The Nomination Committee shall meet at least once a year and additional meetings may be requested as and when necessary. One (1) meeting was held during the financial year to review the required mix of skills and experience and other qualities of the Directors. All the evaluation and assessment process on each Director, all Board Committees and the Board as a whole have been carried out, deliberated and documented. The Nomination Committee recommended and the Board approved and concluded that all the Directors and its Committees are able to operate effectively and possessed the necessary skills and qualities to assist the Board in carrying out its responsibility.

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

Name of Directors	Number of Meetings Attended	Percentage
Dato' Ismail Bin Hamzah	1/1	100%
Mr. Chew Hock Lin	1/1	100%
Mr. Lai Chang Hun	1/1	100%

The Board is aware of the gender diversity policy and target as set out in the Code. Notwithstanding the Board's gender composition remains unchanged, the Company is always committed to practicing the gender diversity policy across the entire recruitment process to reflect the broader perspective of workplace diversity within the Group.

8. Re-election and Re-appointment of Directors

Pursuant to Article 99 of the Company's Articles of Association, all Directors inclusive of Managing Director shall retire from office at least once in every 3 years but shall be eligible for re-election. Pursuant to Article 103, the Directors shall have power at any time and from time to time appoint any person to be a Director either to fill a casual vacancy or as an additional Director so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting ("AGM") and shall then be eligible for re-election.

At the Company's forthcoming 50th AGM, Dato' Kenneth H'ng Bak Tee, Dato' Harry H'ng Bak Seah and Dato' Ismail Bin Hamzah shall retire and being eligible, will offer themselves for re-election.

Pursuant to Section 129 of the Companies Act, 1965, all Directors who are over 70 years of age shall retire at every AGM but may offer themselves for re-appointment. Mr. Chew Hock Lin, Mr. Lai Chang Hun and Dato' Seri H'ng Bok San will be seeking re-appointment under the said provision at this 50th AGM.

Pursuant to the recommendation of the Code, the Board should undertake an assessment of its Independent Directors annually. The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The 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 2013. They are En. Wan Ismail Bin Wan Nik, Dato' Ismail Bin Hamzah, Mr. Chew Hock Lin and Mr. Lai Chang Hun.

CORPORATE GOVERNANCE STATEMENT

9. Directors' Training

There has been greater awareness of the importance and benefits of attending and participating in the training and continuing education programmes that will enhance the Directors' knowledge and skill so as to effectively discharge their duties as Directors. All Directors in office have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Company Secretary assists the Board by sourcing the relevant courses/topics which are beneficial to the Directors for their participation. There were also briefings by the External and Internal Auditors and the Company Secretary on the relevant updates on statutory and regulatory requirements from time to time during Audit Committee meetings and Board meetings. Expenses incurred by the Directors who attended courses are reimbursed by the Company.

Details of courses attended by Directors during the financial year ended 31 December 2013 are set out in the following table:

Directors	Courses Attended
Dato' Seri H'ng Bok San	<ul style="list-style-type: none">• Anti money laundering and Anti-terrorism financing for gatekeepers (intermediate)• Board Chairman Series: The Role of the Chairman
Dato' Kenneth H'ng Bak Tee	<ul style="list-style-type: none">• Financial Modeling for M&A• Advocacy session on Corporate Disclosure for Directors of listed issuers• Rising to the Challenge by Pricewaterhousecoopers• Overcome the impact of inflation & financial planning crisis
Dato' Harry H'ng Bak Seah	<ul style="list-style-type: none">• CSP for PLCS : Transactions with related parties
Datin Jessica H'ng Hsieh Ling	<ul style="list-style-type: none">• Anti money laundering and Anti-terrorism financing for gatekeepers (intermediate)
Mr. Chew Hock Lin	<ul style="list-style-type: none">• Advocacy session on Corporate Disclosure for Directors of listed issuers• Nominating Committee Programme
Dato' Ismail Bin Hamzah	<ul style="list-style-type: none">• Current development in combating late payment and credit management in Malaysia
Mr. Lai Chang Hun	<ul style="list-style-type: none">• Anti money laundering and Anti-terrorism financing for gatekeepers (intermediate)
En. Wan Ismail Bin Wan Nik	<ul style="list-style-type: none">• Corporate Directors training programme

II. REMUNERATION

Directors' Remuneration

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.

CORPORATE GOVERNANCE STATEMENT

The determination of the remuneration of the Non-Executive Directors is a matter of the Board as a whole. The Company reimburses expenses incurred by the Directors for attending the Board and Committee meetings.

In respect of the payment of Directors' fees, it is recommended to the shareholders for approval at the AGM of the Company. For the financial year ended 31 December 2013, the Director's fee is proposed at RM50,000 per annum per Director.

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

Name of Directors	Number of Meetings Attended	Percentage
Dato' Ismail Bin Hamzah	1/1	100%
Mr. Chew Hock Lin	1/1	100%
Dato' Kenneth H'ng Bak Tee	1/1	100%

Details of the Directors' remuneration for the financial year ended 31 December 2013 are categorized into appropriate components as follows:

RM'000	Executive Directors	Non-Executive Directors
Salaries	2,100	-
Fees	126	300
Bonus	1,465	-
Meeting Allowances	-	44
Ex-Gratia Benefits Receivable	417	-
Benefits In-Kind	15	-
Total	4,123	344

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	-	6
RM1,550,001 – RM1,600,000	1	-
RM2,550,001 – RM2,600,000	1	-
Total	2	6

III. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

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 and corporate developments, information is disseminated via the Company's annual reports, circulars, quarterly financial results, various announcements and press releases made from time to time.

As part of the Group's initiatives to support green environment, GUH has been producing its annual reports in CD-ROM format together with a summarized version of financial statement, Notice of AGM and Proxy Form.

CORPORATE GOVERNANCE STATEMENT

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 shareholders are at liberty to raise questions while the Directors will provide answers and clarifications during the Company's AGM. 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.

IV. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board is accountable to shareholders in ensuring the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 ("the Act") and the applicable accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

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 and which enable them to ensure the financial statements are in compliance with the Act.

In preparing the financial statements for the financial year ended 31 December 2013, the Directors have selected and used appropriate accounting policies and applied them consistently; made judgments and estimates that are reasonable and prudent; and ensured that all applicable approved accounting standards have been complied with.

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.

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 43 to 45.

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 46 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 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 were also invited to attend the Company's AGM on 21 May 2013 in order to clarify shareholders' queries where necessary.

During the financial year, the Audit Company had undertaken an assessment to assess the suitability and independence of External Auditors.

6. Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Group by the External Auditors for the financial year ended 31 December 2013 amounted to RM37,950 only.

7. 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.

Significant related party transactions of the Group for the financial year are disclosed in Note 29 to the Financial Statements and the Additional Disclosure on page 41.

CORPORATE GOVERNANCE STATEMENT

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, the Act and/or any other applicable law.

8. Share Buy-Back

Details of the share buy-back transactions are set out under the Schedule of Share Buy-Back on page 42.

9. Material Contract

On 27 December 2013, GUH announced that its wholly-owned subsidiary, GUH Water Holdings Sdn. Bhd. ("GUH Water") has completed the acquisition of the remaining 30% of the issued and fully paid-up share capital of Teknoserv Engineering Sdn. Bhd. ("Teknoserv"). Teknoserv has become one of the wholly-owned subsidiaries of GUH with immediate effect thereof.

The acquisition of Teknoserv is part of the Group's plan to reduce its heavy reliance on printed circuits board ("PCB") business. This marks the entry of GUH into the water industry and GUH Water/Wastewater Division will be able to position itself as a significant player in the local and regional water industry and enable the Group to undertake larger water and/or wastewater contracts or concessionary businesses in the future.

V. COMPLIANCE STATEMENT

Additional Information

Save as aforesaid disclosed, none of the following transactions have been entered by the Company during the financial year ended 31 December 2013:

- 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;
- Profit guarantee given by the Company; and
- Material contract entered into by the Group, Directors and major shareholders.

As there is no 'one size fits all' approach to corporate governance while maintaining the best approach to adopting the principles, the Board is pleased to report to the shareholders that the Company has to the best endeavors maintained the compliance of the relevant principles and recommendations as set out in the Code throughout the financial year ended 31 December 2013.

For any non-compliance of certain recommendations of the Code, the Board shall continue to uphold the spirit of the highest possible standards to maintain and apply to the principles and recommendations in the near future.

This Corporate Governance Statement is made in accordance with a resolution of the Board of Directors dated 9 April 2014.

ADDITIONAL DISCLOSURE

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Annual General Meeting held on 21 May 2013, the Company obtained its Shareholders' mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as disclosed in the Circular to Shareholders dated 29 April 2013.

In accordance with Section 3.1.5 of the Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions transacted during the financial year ended 31 December 2013 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 21 May 2013 to 31 December 2013
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 23.3% in *Kiyamas Holdings Sdn. Bhd.	Transactions of raw materials, goods and services	RM 3,423,388.59 (Approved limit: RM 8,000,000.00)
GUH Circuit Industry (PG) Sdn. Bhd. <i>(Recipient)</i>	Kiyamas Trading & Services Sdn. Bhd. ["KTSSB"] <i>(Provider)</i>	Gan Chern Nee has a direct shareholding of approximately 8.3% in *Kiyamas Holdings Sdn. Bhd.		RM 35,497.00 (Approved limit: RM 1,000,000.00)

Notes:

- * Kiyamas Holdings Sdn. Bhd. is the Holding Company of KCSB and KTSSB.
- (1) Dato' Kenneth H'ng Bak Tee, the CEO/MD of the Group, is also a director and shareholder of Lizheng Holdings Sdn. Bhd.
- (2) Dato' Harry H'ng Bak Seah, the Non-Executive Director and a shareholder of GUH, is the spouse of Gan Chern Nee.
- (3) 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 Dato' Seri H'ng Bok San and the niece of Dato' Harry H'ng Bak Seah and Dato' Kenneth H'ng Bak Tee.

SCHEDULE OF SHARE BUY-BACK

SHARE BUY-BACK DURING THE FINANCIAL YEAR

At the 48th Annual General Meeting (“AGM”), the Company obtained its shareholders’ mandate to purchase its own shares up to 9,120,700 ordinary shares of RM1.00 each and kept as treasury shares pursuant to the Share Buy-Back authority.

At the 49th AGM held on 21 May 2013, the Company obtained the renewal authority to purchase its own shares, up to the maximum of 10% of its total issued and paid-up share capital at the point of purchase. This authority will lapse upon the conclusion of the forthcoming 50th AGM, unless a renewal mandate is given by its shareholders.

Details on the purchases made by the Company of its own shares for the financial year ended 31 December 2013 up to the latest practicable date prior to the printing of this Annual Report, are set out as follows:

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	Purchase Price Per Share		Average Cost Per Share RM	Total Cost RM
		Lowest RM	Highest RM		
2012	9,120,700	1.23	1.38	1.32	12,058,234.32
February 2013	40,000	1.12	1.12	1.13	45,127.24
August 2013	20,000	1.37	1.37	1.38	27,600.62
					<u>72,727.86</u>
February 2014	1,495,000	1.10	1.25	1.19	1,775,567.55
March 2014	1,827,500	1.14	1.23	1.20	2,184,045.97
					<u>3,959,613.52</u>
Total :	12,503,200			1.29	16,090,575.70

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board is pleased to provide the following Statement on Risk Management and Internal Control that outlines the risk management process and; the nature and scope of internal controls of GUH Group during the financial year, which has been prepared pursuant to 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.

Responsibility

The Board through its Audit Committee is ultimately responsible for the Group's system of internal controls and for reviewing its integrity, adequacy and effectiveness. Such a system is designed to reduce or eliminate if possible the risk of failure to achieve business objectives.

Risk Management and Internal Control

In line with Principle 6 of the Malaysian Code of Corporate Governance 2012, the Group has established a sound risk management framework and internal control system.

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 except for associated company which are not under the control of the Group, to ensure its system of internal control is carried out efficiently. 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.

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

Risks records, which identify key risks, potential financial impact, the likelihood of those risks occurring, as well as the control strategies to manage those risks associated with the Group's activities are presented to the Risk Management Committee for review. The Risk Management Committee reviews and discusses 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 assessment and annual assessment 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.

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

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

The Internal Audit Function adopts a risk-based approach in preparation of its yearly internal audit plan and strategy which is reviewed and approved by the Audit Committee. Internal Audit will review on the adequacy and effectiveness of the risk management and internal control system and report its findings on major weaknesses and risk control procedures, and makes recommendations for improvements; and follow up audits are conducted to assess the status of implementation thereof by Management.

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

Principal Risk Management and Control Features

The key features of the Group's risk management framework and internal control system which have been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report, are summarized as follows:-

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

7. The CEO/ Managing Director holds monthly management meetings with the Divisional heads. At these meetings all key performance indices were discussed and monitored; including discussions of significant issues. Accordingly, the Board is updated by the CEO/ 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 the Company level and reviewed by the CEO/ 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, thus providing an independent assurance on the adequacy and effectiveness of the Group's system of internal control and advising Management on areas for further improvement.
13. The Audit Committee, on behalf of the Board, reviews reports from the Group Internal Auditor and from the External Auditors and reports its conclusion to the Board.

An associated company in Cambodia that has contributed to the Group's results has not been dealt with as part of the Group for the purpose of this Internal Control Statement.

Conclusion

The Board has received assurance from the Chief Executive Officer, Senior Manager – Accounts, Finance and Tax and the Divisional heads that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the company.

The Board affirms that the system of internal controls, with key features highlighted above, was generally sound and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, as well as the Group's assets. There were no controls weaknesses identified that have resulted in any material losses that would require disclosure in the Annual Report. The Board and Management will continuously take measures to improve and strengthen the adequacy and effectiveness of risk management and internal control framework and environment of the Group.

This statement is made in accordance with a resolution of the Board of Directors dated 9 April 2014.

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report in the financial year ended 31 December 2013 pursuant to Recommended Practice Guide 5 (revised) issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that the Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed issuers to be set out, nor is factually inaccurate.

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) is pleased to present the Audit Committee Report and its activities held throughout the financial year ended 31 December 2013 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

The Audit Committee has been set up by the Board to assist the Directors of the Company to carry out the duties and responsibilities which are governed by the following:

Composition

The Audit Committee shall be appointed from amongst the Directors of the Company who fulfils the following requirements:

- (i) the Audit Committee must be composed of no fewer than three (3) members;
- (ii) all the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors; and
- (iii) at least one (1) member of the Audit Committee:
 - (a) must be a member of Malaysian Institute of Accountants; or
 - (b) if he is not a member of Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and:
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (c) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad (Bursa Securities).
- (iv) the Chairman shall be elected from among the members who shall be an Independent Director.
- (v) no alternate Director is appointed as a member of the Audit Committee.

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members carried out the duties in accordance with the terms of reference.

Mr. Chew Hock Lin, the Senior Independent Non-Executive Director of the Company who is a member of the Institute of Chartered Accountants of Australia, the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants, has been the Chairman of the Audit Committee. Dato’ Ismail Bin Hamzah, an Independent Non-Executive Director and Datin Jessica H’ng Hsieh Ling, a Non-Executive Director of the Company are the members of the Audit Committee.

AUDIT COMMITTEE REPORT

For the financial year ended 31 December 2013, the Nomination Committee has reviewed the required skills, qualities and experience of each member of the Audit Committee. The Company has also carried out the assessment and evaluation of all Board Committees including the Audit Committee and recommended to the Board that the Audit Committee members are competent to carry out their duties in accordance with the terms of reference.

Meetings and Minutes

The Audit Committee will meet as frequently as the Chairman shall decide in order to discharge its duties but no less than 4 times a year. The Audit Committee members, senior management and the internal auditors shall normally attend meetings. External auditors are also invited to attend the meetings. The external auditors may request a 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.

A quorum consists of two (2) members present and a majority of whom must be Independent Directors.

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, the Audit Committee convened five (5) meetings. Details of the Audit Committee members' attendance are tabled below:

Audit Committee	No. of Meetings Attended
Mr. Chew Hock Lin <i>Chairman</i>	5/5
Dato' Ismail Bin Hamzah <i>Member</i>	5/5
Datin Jessica H'ng Hsieh Ling <i>Member</i>	4/5

The external auditors attended three (3) meetings held during the financial year ended 31 December 2013.

Authority and Duties

The details of the terms of reference of the Audit Committee are available for reference at www.guh.com.my.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

During the year, the Audit Committee held discussions with the external auditors, internal auditors and relevant members of the management. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on their reviews made and discussion held.

The following activities during 2013 were carried out by the Audit Committee:

1. Financial Results

- Reviewed the quarterly financial results and year-end financial statements of the Company and the Group including announcements, and recommended to the Board for approvals; focusing particularly on:
 - ◆ going concern assumption;
 - ◆ changes in or implementation of major accounting policy;
 - ◆ significant and unusual events; and
 - ◆ compliance with accounting standards and other legal requirements.

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;
- Assessed the performance of the external auditors and recommended their appointment and remuneration to the Board;
- 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.

3. Internal Audit

- Reviewed and approved the annual risk-based Internal Audit Plans 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;
- Assessed the performance of the Group's Internal Audit function and advised whether the appointment of additional Internal Audit staff is necessary;
- Deliberated the results of ad-hoc investigations and reports performed by the Internal Audit function and tabled to the Board.

AUDIT COMMITTEE REPORT

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 and the appropriateness of management's responses to key risk areas and highlighted to the Board.

5. Related Party Transactions

- Reviewed the procedures and processes established by the Company with regards to related party transactions and monitored the related party transactions every quarter;
- Reviewed the related party transactions that arose within the Group to ensure that the transactions are fair, reasonable and not detrimental to the minority shareholders;
- Considered any conflict of interest situation that may arise within the Company or the Group during the financial year under review.

6. Annual Reporting

- Considered and recommended the statutory financial statements of the Group 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, Corporate Responsibility Statement, Sustainability Report, record on Share Buy-Back and any other statements of the Annual Reports and recommended to the Board for approval.

INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit Department, an independent supervisory body that reports directly to the Audit Committee on its activities based on the approved annual risk-based Internal Audit Plan. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and control processes.

The Internal Audit function provides an independent appraisal function which aims to meet the needs of the organization and is committed to working in partnership with management to assist GUH Group in achieving its corporate ambitions and objectives. It objectively examines, evaluates and reports on the adequacy of internal controls as a contribution to the proper, economic and effective use of resources. The Audit Committee reviews and approves the Internal Audit Plan of the Group submitted by the Internal Audit Manager.

During the year, various internal audit assignments have been undertaken covering a range of 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.

AUDIT COMMITTEE REPORT

Summary of activities undertaken by the Internal Audit Department includes the following:

- 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 requested by the Audit Committee or by management;
- Performed follow up reviews to monitor and 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 for the internal audit function of the Group for 2013 is RM270,100 (2012: RM226,600).

This Audit Committee Report is made in accordance with a resolution of the Board of Directors dated 9 April 2014.

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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 2013. All values shown in this report are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:-		
- Owners of the Company	29,987	24,024
- Non-controlling interests	596	0
	<u>30,583</u>	<u>24,024</u>

DIVIDENDS

During the financial year, the Company declared and paid an interim dividend of 6.0 sen per share (less tax at 25%) amounting to RM7,931,000 in respect of the financial year ended 31 December 2013.

The directors do not propose any final dividend in respect of the financial year ended 31 December 2013.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES OR DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM185,414,000 to RM277,905,000 by way of:-

- (i) a bonus issue of 88,116,000 new ordinary shares of RM1.00 each on the basis of 1 new ordinary share for every 2 existing ordinary shares in issue by capitalising the capital redemption reserve and retained profits of the Company; and
- (ii) an issue of 4,375,000 new ordinary shares of RM1.00 each at an issue price of RM1.02 per share as purchase consideration for the acquisition of the remaining 30% equity interest in a subsidiary, Teknoserv Engineering Sdn. Bhd.

DIRECTORS' REPORT

ISSUE OF SHARES OR DEBENTURES (cont'd)

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

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:-

	2013		2012	
	No. of Shares '000	Cost RM'000	No. of Shares '000	Cost RM'000
At 1 January	9,121	12,058	15,864	18,968
Shares purchased	60	73	10,913	14,348
Shares cancelled	0	0	(17,656)	(21,258)
At 31 December	<u>9,181</u>	<u>12,131</u>	<u>9,121</u>	<u>12,058</u>
Average unit cost for the year (RM)		<u>1.217</u>		<u>1.315</u>

The mandate given by the shareholders at the Annual General Meeting held on 21 May 2013 will expire at the forthcoming Annual General Meeting at which a resolution will be tabled for shareholders to grant a fresh mandate for another year.

BAD AND DOUBTFUL DEBTS

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

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

DIRECTORS' REPORT

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

No contingent liability or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

DIRECTORS' REPORT

ITEMS OF AN UNUSUAL NATURE (cont'd)

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

DIRECTORS OF THE COMPANY

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

Dato' Seri H'ng Bok San, DPPN, DGPN, DSPN, PKT, PJK, JP
 Dato' Kenneth H'ng Bak Tee, 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, DMIP
 Lai Chang Hun, PKT
 Wan Ismail Bin Wan Nik

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

Name of Director	Number of Ordinary Shares of RM1.00 each			
	At 1.1.2013	Bought/ (Sold)	Bonus Issue	At 31.12.2013
Dato' Seri H'ng Bok San, DPPN, DGPN, DSPN, PKT, PJK, JP				
- Indirect ^(a)	20,408,617	0	10,204,308	30,612,925
- Indirect ^(b)	12,243,000	0	6,121,500	18,364,500
Dato' Kenneth H'ng Bak Tee, DSPN, PKT, PJM				
- Indirect ^(b)	1,908,500	0	954,250	2,862,750
Dato' Harry H'ng Bak Seah, DSPN, PJK				
- Direct	1,707,952	0	853,976	2,561,928
Datin Jessica H'ng Hsieh Ling				
- Direct	1,509,000	0	754,500	2,263,500
- Indirect ^(c)	20,408,617	0	10,204,308	30,612,925
Lai Chang Hun, PKT				
- Direct	1,825,288	0	912,644	2,737,932
- Indirect ^(b)	75,024	0	37,512	112,536
- Indirect ^(c)	2,309,563	0	1,154,781	3,464,344
Wan Ismail Bin Wan Nik				
- Direct	2,442,535	15,000	1,228,767	3,686,302

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY (cont'd)

- (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*

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 29 to the financial statements.

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

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 9 APRIL 2014

Dato' Seri H'ng Bok San, DPPN, DGPN, DSPN, PKT, PJK, JP

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

STATEMENT BY DIRECTORS

We, Dato' Seri H'ng Bok San, DPPN, DGPN, DSPN, PKT, PJK, JP and Dato' Kenneth H'ng Bak Tee, DSPN, PKT, PJM, being two of the directors of GUH Holdings Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 60 to 122 give a true and fair view of the financial position of the Group and the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

In the opinion of the directors, the supplementary information set out on page 123 is prepared, in all material respects, in accordance with Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 9 APRIL 2014**

Dato' Seri H'ng Bok San,
DPPN, DGPN, DSPN, PKT, PJK, JP

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

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STATUTORY DECLARATION

I, Yeoh Saw Gaik, being the officer primarily responsible for the financial management of GUH Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 60 to 122 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Yeoh Saw Gaik at Georgetown in the
State of Penang on this 9 April 2014

Yeoh Saw Gaik

Before me
Nachatar Singh A/L Bhag Singh,
PKT, PJK, PK
Commissioner for Oaths (No. P 126)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GUH HOLDINGS BERHAD

Report on the Financial Statements

We have audited the financial statements of GUH Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 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 a summary of significant accounting policies and other explanatory information, as set out on pages 60 to 122.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GUH HOLDINGS BERHAD

Report on Other Legal and Regulatory Requirements

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

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

The supplementary information set out on page 123 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("the MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chan Kheng Hoe
Approval No: 2979/03/16(J)
Chartered Accountant

Date: 9 April 2014

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	2013 RM'000	2012 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	157,127	125,754
Investment properties	5	7,035	6,399
Goodwill	6	3,348	3,348
Investment in associate	8	11,791	20,218
Available-for-sale financial assets	9	17,094	13,511
Investments in club memberships	10	151	140
Land held for property development	11	49,157	49,601
		245,703	218,971
CURRENT ASSETS			
Property development costs	11	18,398	22,294
Accrued billings	11	9,390	1,909
Asset held for sale	12	470	0
Amounts due from customers for contract work	13	5,330	703
Inventories	14	34,536	32,602
Trade and other receivables	15	63,813	51,624
Prepayments		1,973	1,267
Current tax assets		823	1,569
Cash and cash equivalents	16	183,262	160,286
		317,995	272,254
CURRENT LIABILITIES			
Trade and other payables	17	57,817	57,795
Amounts due to customers for contract work	13	59	0
Hire purchase payables	18	66	54
Current tax liabilities		2,895	1,578
		60,837	59,427
NET CURRENT ASSETS		257,158	212,827
NON-CURRENT LIABILITIES			
Hire purchase payables	18	70	63
Deferred tax liabilities	19	12,712	6,517
		12,782	6,580
NET ASSETS		490,079	425,218
EQUITY			
Share capital	20	277,905	185,414
Treasury shares	20	(12,131)	(12,058)
Reserves		224,305	249,352
Equity attributable to owners of the Company		490,079	422,708
Non-controlling interests	21	0	2,510
TOTAL EQUITY		490,079	425,218

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		2013	2012
	Note	RM'000	RM'000
Revenue	22	286,569	280,386
Cost of sales		(243,579)	(230,159)
Gross profit		<u>42,990</u>	<u>50,227</u>
Other operating income		8,203	6,997
Administrative expenses		(13,854)	(11,379)
Distribution expenses		(4,421)	(4,298)
Other operating expenses		(1,253)	(2,715)
Profit from operations		<u>31,665</u>	<u>38,832</u>
Finance costs		(7)	(2)
Share of profit of associate		6,948	8,067
Profit before tax	23	<u>38,606</u>	<u>46,897</u>
Tax expense	26	(8,023)	(10,687)
Profit for the financial year		<u><u>30,583</u></u>	<u><u>36,210</u></u>
Profit for the financial year attributable to:-			
- Owners of the Company		29,987	36,111
- Non-controlling interests	21	596	99
		<u><u>30,583</u></u>	<u><u>36,210</u></u>
Earnings per share:-	27		
- Basic (sen)		<u>11.34</u>	<u>13.23</u>
- Diluted (sen)		<u><u>11.34</u></u>	<u><u>13.23</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	2013	2012
	RM'000	RM'000
Profit for the financial year	30,583	36,210
Other comprehensive income:-		
Items that will not be reclassified to profit or loss:-		
- Gross revaluation increase of properties	34,004	0
- Deferred tax relating to revalued properties	(7,304)	0
Items that may be reclassified subsequently to profit or loss:-		
- Gain/(Loss) on available-for-sale financial assets	1,317	(5,505)
- Reclassification adjustment on derecognition of available-for-sale financial assets	(720)	658
- Currency translation differences for foreign operations	16,058	(4,165)
- Reclassification adjustment on capital repayment from foreign operation	(851)	0
Other comprehensive income for the financial year	42,504	(9,012)
Total comprehensive income for the financial year	73,087	27,198
Total comprehensive income for the financial year attributable to:-		
- Owners of the Company	72,491	27,099
- Non-controlling interests	596	99
	73,087	27,198

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Non-distributable						Distributable*			Equity attributable to owners of the company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital redemption 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			
At 1 January 2012	203,070	(18,968)	0	47,632	12,152	5,859	3,856	164,504	418,105	0	418,105	
Loss on available-for-sale financial assets	0	0	0	0	0	(5,505)	0	0	(5,505)	0	(5,505)	
Reclassification adjustment on derecognition of available-for-sale financial assets	0	0	0	0	0	658	0	0	658	0	658	
Currency translation differences for foreign operations	0	0	0	0	0	0	(4,165)	0	(4,165)	0	(4,165)	
Other comprehensive income for the financial year	0	0	0	0	0	(4,847)	(4,165)	0	(9,012)	0	(9,012)	
Profit for the financial year	0	0	0	0	0	0	0	36,111	36,111	99	36,210	
Total comprehensive income for the financial year	0	0	0	0	0	(4,847)	(4,165)	36,111	27,099	99	27,198	
Purchase of own shares	0	(14,348)	0	0	0	0	0	0	(14,348)	0	(14,348)	
Interim dividend of 6.0 sen per share (less tax at 25%)	0	0	0	0	0	0	0	(8,148)	(8,148)	0	(8,148)	
Total transactions with owners	0	(14,348)	0	0	0	0	0	(8,148)	(22,496)	0	(22,496)	
Acquisition of subsidiary	0	0	0	0	0	0	0	0	0	2,411	2,411	
Cancellation of treasury shares	(17,656)	21,258	0	17,656	0	0	0	(21,258)	0	0	0	
At 31 December 2012	185,414	(12,058)	0	65,288	12,152	1,012	(309)	171,209	422,708	2,510	425,218	

* Retained profits as at 31 December 2012 amounting to RM12,058,000, being the excess of treasury shares over share premium, were considered as non-distributable.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (cont'd)

	Non-distributable							Distributable*		Total equity RM'000	
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital redemption 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 2013	185,414	(12,058)	0	65,288	12,152	1,012	(309)	171,209	422,708	2,510	425,218
Gross revaluation increase of properties	0	0	0	0	34,004	0	0	0	34,004	0	34,004
Deferred tax relating to revalued properties	0	0	0	0	(7,304)	0	0	0	(7,304)	0	(7,304)
Gain on available-for-sale financial assets	0	0	0	0	0	1,317	0	0	1,317	0	1,317
Reclassification adjustment on derecognition of available-for-sale financial assets	0	0	0	0	0	(720)	0	0	(720)	0	(720)
Currency translation differences for foreign operations	0	0	0	0	0	0	16,058	0	16,058	0	16,058
Reclassification adjustment on capital repayment from foreign operation	0	0	0	0	0	0	(851)	0	(851)	0	(851)
Other comprehensive income for the financial year	0	0	0	0	26,700	597	15,207	0	42,504	0	42,504
Profit for the financial year	0	0	0	0	0	0	0	29,987	29,987	596	30,583
Total comprehensive income for the financial year	0	0	0	0	26,700	597	15,207	29,987	72,491	596	73,087
Purchase of own shares	0	(73)	0	0	0	0	0	0	(73)	0	(73)
Interim dividend of 6.0 sen per share (less tax at 25%)	0	0	0	0	0	0	0	(7,931)	(7,931)	0	(7,931)
Bonus issue	88,116	0	0	(65,288)	0	0	0	(22,828)	0	0	0
Issue of shares to acquire non-controlling interests	4,375	0	87	0	0	0	0	(1,356)	3,106	(3,106)	0
Share issue transaction costs	0	0	0	0	0	0	0	(222)	(222)	0	(222)
Total transactions with owners	92,491	(73)	87	(65,288)	0	0	0	(32,337)	(5,120)	(3,106)	(8,226)
At 31 December 2013	277,905	(12,131)	87	0	38,852	1,609	14,898	168,859	490,079	0	490,079

* Retained profits as at 31 December 2013 amounting to RM12,044,000, being the excess of treasury shares over share premium, were considered as non-distributable.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		38,606	46,897
Adjustments for:-			
Allowance for slow moving inventories		154	154
Deposit written off		0	4
Depreciation		13,453	12,409
Dividend income		(385)	(10,519)
(Gain)/Loss on derecognition of available-for-sale financial assets		(720)	549
(Gain)/Loss on disposal of property, plant and equipment		(181)	118
(Gain)/Loss on foreign exchange		(1,171)	157
Gain on disposal of investment properties		(297)	(379)
Gain on fair value adjustment of investment properties		(1,636)	(2,669)
Impairment loss on loans and receivables		8	11
Interest expense		7	2
Interest income		(4,849)	(4,858)
Inventories written down		105	0
Property, plant and equipment written off		15	689
Revaluation increase of properties		(478)	0
Reversal of allowance for slow moving inventories		(75)	(96)
Share of profit of associate		(6,948)	(8,067)
Operating profit before working capital changes		35,608	34,402
Changes in:-			
Property development costs		4,340	(14,938)
Accrued billings		(7,481)	2,522
Amounts due from/to customers for contract work		(4,568)	(993)
Inventories		(2,118)	4,000
Receivables and prepayments		(12,763)	17,469
Payables		878	(7,062)
Cash generated from operations		13,896	35,400
Interest paid		(7)	(2)
Tax paid		(8,164)	(7,082)
Tax refunded		967	226
Net cash from operating activities		6,692	28,542

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (cont'd)

	Note	2013 RM'000	2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary, net of cash acquired	28	(1,000)	(1,978)
Capital repayment from associate		3,874	0
Dividends received		12,742	17,093
Interest received		4,849	4,858
Proceeds from disposal of available-for-sale financial assets		6,824	17,814
Proceeds from disposal of investment properties		827	3,209
Proceeds from disposal of investments in club memberships		0	134
Proceeds from disposal of property, plant and equipment		382	207
Purchase of available-for-sale financial assets		(9,090)	(6,277)
Purchase of property, plant and equipment	28	(5,500)	(21,292)
Net cash from investing activities		<u>13,908</u>	<u>13,768</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(7,931)	(8,148)
Purchase of own shares		(73)	(14,348)
Repayment of hire purchase obligations		(68)	(18)
Share issue transaction costs paid		(222)	0
Net cash used in financing activities		<u>(8,294)</u>	<u>(22,514)</u>
Currency translation differences		10,670	(2,072)
Net increase in cash and cash equivalents		22,976	17,724
Cash and cash equivalents brought forward		160,286	142,562
Cash and cash equivalents carried forward	16	<u>183,262</u>	<u>160,286</u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	2013 RM'000	2012 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	549	327
Investments in subsidiaries	7	198,128	191,207
Investment in associate	8	3,023	6,046
Available-for-sale financial assets	9	17,044	13,461
Investments in club memberships	10	8	8
		<u>218,752</u>	<u>211,049</u>
CURRENT ASSETS			
Asset held for sale	12	14,600	14,600
Receivables	15	93,455	87,291
Prepayments		31	23
Current tax assets		424	424
Cash and cash equivalents	16	42,628	33,998
		<u>151,138</u>	<u>136,336</u>
CURRENT LIABILITIES			
Payables	17	25,181	23,596
		<u>25,181</u>	<u>23,596</u>
NET CURRENT ASSETS		125,957	112,740
NON-CURRENT LIABILITIES			
Deferred tax liabilities	19	123	0
NET ASSETS		<u>344,586</u>	<u>323,789</u>
EQUITY			
Share capital	20	277,905	185,414
Treasury shares	20	(12,131)	(12,058)
Reserves		78,812	150,433
TOTAL EQUITY		<u>344,586</u>	<u>323,789</u>

STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM'000	2012 RM'000
Revenue	22	23,446	29,579
Cost of services		(6,160)	(6,067)
Gross profit		<u>17,286</u>	<u>23,512</u>
Other operating income		8,679	6,309
Administrative expenses		(1,303)	(1,426)
Other operating expenses		(616)	(1,638)
Profit before tax	23	<u>24,046</u>	<u>26,757</u>
Tax expense	26	(22)	(2,576)
Profit for the financial year		<u><u>24,024</u></u>	<u><u>24,181</u></u>

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	2013	2012
	RM'000	RM'000
Profit for the financial year	24,024	24,181
Other comprehensive income:-		
Item that will not be reclassified to profit or loss:-		
- Deferred tax relating to revalued properties	(123)	0
Items that may be reclassified subsequently to profit or loss:-		
- Gain/(Loss) on available-for-sale financial assets	1,317	(5,505)
- Reclassification adjustment on derecognition of available-for-sale financial assets	(720)	658
Other comprehensive income for the financial year	474	(4,847)
Total comprehensive income for the financial year	24,498	19,334

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Non-distributable						Distributable*		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital		Fair value reserve RM'000	Retained profits RM'000		
				redemption RM'000	Revaluation surplus RM'000				
At 1 January 2012	203,070	(18,968)	0	47,632	2,468	5,859	86,890	326,951	
Loss on available-for-sale financial assets	0	0	0	0	0	(5,505)	0	(5,505)	
Reclassification adjustment on derecognition of available-for-sale financial assets	0	0	0	0	0	658	0	658	
Other comprehensive income for the financial year	0	0	0	0	0	(4,847)	0	(4,847)	
Profit for the financial year	0	0	0	0	0	0	24,181	24,181	
Total comprehensive income for the financial year	0	0	0	0	0	(4,847)	24,181	19,334	
Purchase of own shares	0	(14,348)	0	0	0	0	0	(14,348)	
Interim dividend of 6.0 sen per share (less tax at 25%)	0	0	0	0	0	0	(8,148)	(8,148)	
Total transactions with owners	0	(14,348)	0	0	0	0	(8,148)	(22,496)	
Cancellation of treasury shares	(17,656)	21,258	0	17,656	0	0	(21,258)	0	
At 31 December 2012	185,414	(12,058)	0	65,288	2,468	1,012	81,665	323,789	

* Retained profits as at 31 December 2012 amounting to RM12,058,000, being the excess of treasury shares over share premium, were considered as non-distributable.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (cont'd)

	Non-distributable					Distributable*		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital redemption reserve RM'000	Revaluation surplus RM'000	Fair value reserve RM'000	Retained profits RM'000	
At 1 January 2013	185,414	(12,058)	0	65,288	2,468	1,012	81,665	323,789
Deferred tax relating to revalued properties	0	0	0	0	(123)	0	0	(123)
Gain on available-for-sale financial assets	0	0	0	0	0	1,317	0	1,317
Reclassification adjustment on derecognition of available-for-sale financial assets	0	0	0	0	0	(720)	0	(720)
Other comprehensive income for the financial year	0	0	0	0	(123)	597	0	474
Profit for the financial year	0	0	0	0	0	0	24,024	24,024
Total comprehensive income for the financial year	0	0	0	0	(123)	597	24,024	24,498
Purchase of own shares	0	(73)	0	0	0	0	0	(73)
Interim dividend of 6.0 sen per share (less tax at 25%)	0	0	0	0	0	0	(7,931)	(7,931)
Bonus issue	88,116	0	0	(65,288)	0	0	(22,828)	0
Issue of shares	4,375	0	87	0	0	0	0	4,462
Share issue transaction costs	0	0	0	0	0	0	(159)	(159)
Total transactions with owners	92,491	(73)	87	(65,288)	0	0	(30,918)	(3,701)
At 31 December 2013	277,905	(12,131)	87	0	2,345	1,609	74,771	344,586

* Retained profits as at 31 December 2013 amounting to RM12,044,000, being the excess of treasury shares over share premium, were considered as non-distributable.

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	2013	2012
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	24,046	26,757
Adjustments for:-		
Depreciation	153	158
Dividend income	(16,814)	(22,819)
(Gain)/Loss on derecognition of available-for-sale financial assets	(720)	549
Gain on disposal of property, plant and equipment	(187)	0
Gain on foreign exchange	(851)	0
Impairment loss on loans and receivables	70	537
Interest income	(1,295)	(1,260)
Property, plant and equipment written off	0	2
Reversal of impairment loss on investments in subsidiaries	(6,921)	(6,309)
Operating loss before working capital changes	(2,519)	(2,385)
Changes in:-		
Receivables and prepayments	(1,780)	(11,664)
Payables	1,585	19,775
Net cash (used in)/from operating activities	(2,714)	5,726
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital repayment from associate	3,874	0
Dividends received	16,792	20,243
Interest received	1,295	1,260
Proceeds from disposal of available-for-sale financial assets	6,824	17,814
Proceeds from disposal of property, plant and equipment	437	0
Purchase of available-for-sale financial assets	(9,090)	(6,277)
Purchase of property, plant and equipment	(625)	(114)
Net cash from investing activities	19,507	32,926
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(7,931)	(8,148)
Purchase of own shares	(73)	(14,348)
Share issue transaction costs paid	(159)	0
Net cash used in financing activities	(8,163)	(22,496)
Net increase in cash and cash equivalents	8,630	16,156
Cash and cash equivalents brought forward	33,998	17,842
Cash and cash equivalents carried forward	16 <u>42,628</u>	<u>33,998</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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 60 to 66 together with the notes thereto cover the Company and its subsidiaries ("the Group") and the Group's interest in an associate. The separate financial statements of the Company set out on pages 67 to 72 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 9 April 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

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

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

FRS	Effective for annual periods beginning on or after
FRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
FRS 11 <i>Joint Arrangements</i>	1 January 2013
FRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
FRS 13 <i>Fair Value Measurement</i>	1 January 2013
FRS 119 <i>Employee Benefits (amended in 2011)</i>	1 January 2013
FRS 127 <i>Separate Financial Statements (amended in 2011)</i>	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS		Effective for annual periods beginning on or after
FRS 128	<i>Investments in Associates and Joint Ventures (amended in 2011)</i>	1 January 2013
IC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to FRS 1	<i>Government Loans</i>	1 January 2013
Amendments to FRS 7	<i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
Amendments to FRS 101	<i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
Amendments to FRSs contained in the document entitled	<i>"Improvements to FRSs (2012)"</i>	1 January 2013

The Group and the Company have also early adopted the amendments to FRS 136 Recoverable Amount Disclosures for Non-Financial Assets which are effective for annual periods beginning on or after 1 January 2014.

The adoption of the above FRSs did not result in any significant changes in the accounting policies of the Group and the Company except as follows:-

FRS 10 Consolidated Financial Statements

FRS 10 replaces the consolidation guidance in FRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Consolidation - Special Purpose Entities by introducing a single consolidation model for all entities based on control. Under FRS 10, control is based on whether an investor 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 adoption of these new control criteria did not result in any changes in the existing composition of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Future Accounting Standards

Financial Reporting Standards

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

FRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
FRS 9	To be announced
IC Interpretation 21	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127	1 January 2014
Amendments to FRS 132	1 January 2014
Amendments to FRS 139	1 January 2014

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

FRS 9 Financial Instruments

FRS 9 replaces the guidance in FRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets by dividing them into 3 classifications: (1) those measured at amortised cost; (2) those measured at fair value through profit or loss; and (3) those measured at fair value through other comprehensive income. Management foresees that the adoption of these new classifications will not result in any significant changes in the existing measurement bases of financial assets of the Group and the Company except that the unquoted investments will be classified as and measured at fair value through other comprehensive income.

Malaysian Financial Reporting Standards

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Future Accounting Standards (cont'd)

Malaysian Financial Reporting Standards (cont'd)

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 Construction of Real Estate, including their parents, significant investors and venturers ("Transitioning Entities"). As the MASB has yet to decide when the Transitioning Entities shall be mandated to adopt the MFRS Framework, they are allowed to continue applying the FRS Framework for annual periods beginning on or after 1 January 2014.

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 present their first MFRS financial statements when the MFRS Framework is mandated by the MASB. Management is currently examining the financial impacts of transition to the MFRS Framework.

2.3 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. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Basis of Consolidation (cont'd)

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.

2.4 Property, Plant and Equipment

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Investment Properties

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

2.6 Investments in Subsidiaries

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

2.7 Investment in Associate

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, investment in associate is 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, investment in associate is stated at cost less impairment loss, if any. The impairment policy is disclosed in Note 2.11.

2.8 Investments in Club Memberships

Investments in club memberships are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.11.

2.9 Property Development Activities

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Property Development Activities (cont'd)

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, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

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

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

2.13 Inventories

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

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

2.14 Financial Assets

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

Recognition and Measurement

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Financial Assets (cont'd)

Recognition and Measurement (cont'd)

(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.

(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:-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Financial Assets (cont'd)

Impairment (cont'd)

(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).

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Financial Liabilities (cont'd)

Recognition and Measurement (cont'd)

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

All derivatives, except for financial guarantee contracts or those designated as hedges, are classified as held for trading 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.

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 in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Foreign Currency Transactions and Translation (cont'd)

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

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

2.18 Share Capital

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

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

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

2.19 Fair Value Measurement

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Fair Value Measurement (cont'd)

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

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

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

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

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

Non-financial Assets

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

Financial Assets and Financial Liabilities

The carrying amounts of receivables, cash and cash equivalents, payables 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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Fair Value Measurement (cont'd)

Financial Assets and Financial Liabilities (cont'd)

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

2.20 Income Recognition

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

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

Property development revenue is recognised in accordance with Note 2.9.

Contract revenue is recognised in accordance with Note 2.12.

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

Interest income is recognised using the effective interest method.

Rental income is recognised on an accrual basis.

2.21 Employee Benefits

Short-term Employee Benefits

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

Defined Contribution Plans

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Employee Benefits (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, bank balances, demand deposits, term deposits, 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.

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 2013, the Group and the Company have not recognised any impairment loss on available-for-sale financial assets.

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:-

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 11.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (cont'd)

Sources of Estimation Uncertainty (cont'd)

Construction contracts

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

Allowance for inventories

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

Impairment of loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

4. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Plantation development expenditure and estate improvement RM'000	Capital work-in-progress RM'000	Total RM'000
<u>Cost/Valuation</u>							
At 1 January 2012	69,227	173,752	6,066	4,493	775	6,214	260,527
Acquisition of subsidiary	0	63	415	655	0	0	1,133
Additions	509	8,214	887	399	17	11,266	21,292
Disposals/Write-offs	(396)	(13,900)	(834)	(488)	0	0	(15,618)
Reclassifications	11,695	5,785	0	0	0	(17,480)	0
Currency translation differences	(852)	(1,684)	(42)	(18)	0	0	(2,596)
At 31 December 2012	80,183	172,230	6,492	5,041	792	0	264,738
Representing:-							
- Cost	17,216	172,230	6,492	5,041	792	0	201,771
- Valuation	62,967	0	0	0	0	0	62,967
	80,183	172,230	6,492	5,041	792	0	264,738
At 1 January 2013	80,183	172,230	6,492	5,041	792	0	264,738
Additions	225	2,933	1,549	880	0	0	5,587
Disposals/Write-offs	(13)	(635)	(103)	(835)	0	0	(1,586)
Revaluation	22,754	0	0	0	0	0	22,754
Currency translation differences	3,518	7,218	226	70	0	0	11,032
At 31 December 2013	106,667	181,746	8,164	5,156	792	0	302,525
Representing:-							
- Cost	379	181,746	8,164	5,156	792	0	196,237
- Valuation	106,288	0	0	0	0	0	106,288
	106,667	181,746	8,164	5,156	792	0	302,525
<u>Depreciation and Impairment Losses</u>							
At 1 January 2012							
Accumulated depreciation	5,166	128,006	4,814	3,074	165	0	141,225
Accumulated impairment losses	379	7	31	18	0	0	435
	5,545	128,013	4,845	3,092	165	0	141,660
Acquisition of subsidiary	0	57	198	528	0	0	783
Depreciation	2,815	8,560	454	532	48	0	12,409
Disposals/Write-offs	(70)	(13,281)	(772)	(481)	0	0	(14,604)
Currency translation differences	(87)	(1,134)	(30)	(13)	0	0	(1,264)
At 31 December 2012							
Accumulated depreciation	7,824	122,208	4,669	3,658	213	0	138,572
Accumulated impairment losses	379	7	26	0	0	0	412
	8,203	122,215	4,695	3,658	213	0	138,984
Depreciation	3,269	9,045	511	580	48	0	13,453
Disposals/Write-offs	(2)	(605)	(100)	(663)	0	0	(1,370)
Revaluation	(11,728)	0	0	0	0	0	(11,728)
Currency translation differences	637	5,231	139	52	0	0	6,059
At 31 December 2013							
Accumulated depreciation	0	135,879	5,219	3,627	261	0	144,986
Accumulated impairment losses	379	7	26	0	0	0	412
	379	135,886	5,245	3,627	261	0	145,398
<u>Carrying Amount</u>							
At 1 January 2012	63,682	45,739	1,221	1,401	610	6,214	118,867
At 31 December 2012	71,980	50,015	1,797	1,383	579	0	125,754
At 31 December 2013	106,288	45,860	2,919	1,529	531	0	157,127

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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

Certain motor vehicles with a total carrying amount of RM142,000 (2012 : RM112,000) were acquired under hire purchase financing which remained outstanding as at the end of the reporting period.

The details of land and buildings are as follows:-

Group

	Freehold land RM'000	Short-term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Cost/Valuation</u>				
At 1 January 2012	14,600	17,353	37,274	69,227
Additions	0	0	509	509
Disposals	0	0	(396)	(396)
Reclassifications	0	0	11,695	11,695
Currency translation differences	0	(316)	(536)	(852)
At 31 December 2012	14,600	17,037	48,546	80,183
Representing:-				
- Cost	0	0	17,216	17,216
- Valuation	14,600	17,037	31,330	62,967
	14,600	17,037	48,546	80,183
At 1 January 2013	14,600	17,037	48,546	80,183
Additions	0	0	225	225
Disposals	0	0	(13)	(13)
Revaluation	6,600	12,645	3,509	22,754
Currency translation differences	0	1,302	2,216	3,518
At 31 December 2013	21,200	30,984	54,483	106,667
Representing:-				
- Cost	0	0	379	379
- Valuation	21,200	30,984	54,104	106,288
	21,200	30,984	54,483	106,667
<u>Depreciation and Impairment Losses</u>				
At 1 January 2012				
Accumulated depreciation	0	981	4,185	5,166
Accumulated impairment losses	0	0	379	379
	0	981	4,564	5,545
Depreciation	0	481	2,334	2,815
Disposals	0	0	(70)	(70)
Currency translation differences	0	(17)	(70)	(87)
At 31 December 2012				
Accumulated depreciation	0	1,445	6,379	7,824
Accumulated impairment losses	0	0	379	379
	0	1,445	6,758	8,203
Depreciation	0	498	2,771	3,269
Disposals	0	0	(2)	(2)
Revaluation	0	0	(2)	(2)
Currency translation differences	0	(2,071)	(9,657)	(11,728)
	0	128	509	637
At 31 December 2013				
Accumulated depreciation	0	0	0	0
Accumulated impairment losses	0	0	379	379
	0	0	379	379
<u>Carrying Amount</u>				
At 1 January 2012	14,600	16,372	32,710	63,682
At 31 December 2012	14,600	15,592	41,788	71,980
At 31 December 2013	21,200	30,984	54,104	106,288

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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		
	2013	2012	
	RM'000	RM'000	
Freehold land	12,132	12,132	
Short-term leasehold land	5,542	5,252	
Buildings	44,022	45,074	
	61,696	62,458	
 Company			
	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>			
At 1 January 2012	178	1,376	1,554
Additions	5	109	114
Disposals/Write-offs	(37)	0	(37)
At 31 December 2012	146	1,485	1,631
Additions	4	621	625
Disposals/Write-offs	(17)	(719)	(736)
At 31 December 2013	133	1,387	1,520
<u>Accumulated Depreciation</u>			
At 1 January 2012	130	1,051	1,181
Depreciation	15	143	158
Disposals/Write-offs	(35)	0	(35)
At 31 December 2012	110	1,194	1,304
Depreciation	13	140	153
Disposals/Write-offs	(15)	(471)	(486)
At 31 December 2013	108	863	971
<u>Carrying Amount</u>			
At 1 January 2012	48	325	373
At 31 December 2012	36	291	327
At 31 December 2013	25	524	549

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

5. INVESTMENT PROPERTIES

Group

<u>Fair Value</u>	Freehold land RM'000	Buildings RM'000	Total RM'000
At 1 January 2012	1,600	4,960	6,560
Disposals	0	(2,830)	(2,830)
Fair value adjustments	2,404	265	2,669
At 31 December 2012	4,004	2,395	6,399
Disposals	0	(530)	(530)
Transfer to asset held for sale	0	(470)	(470)
Fair value adjustments	1,416	220	1,636
At 31 December 2013	5,420	1,615	7,035

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

6. GOODWILL

Group

	RM'000
At 1 January 2012	0
Acquisition of subsidiary	3,348
At 31 December 2012	3,348
Movement during the year	0
At 31 December 2013	3,348

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

The recoverable amount of the CGU was determined based on its value in use calculated using cash flow projections. The cash flow projections were based on the most recent financial budgets/forecasts approved by management which covered a period of 5 years. A discount rate of 11.00% (2012 : 9.40%) per annum was applied to the cash flow projections. As the value in use calculated was significantly higher than the carrying amount of the CGU, the cash flow projections had not been extrapolated beyond the 5 years covered by the financial budgets/forecasts.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

7. INVESTMENTS IN SUBSIDIARIES

Company

	2013	2012
	RM'000	RM'000
Unquoted shares - at cost	216,476	216,476
Impairment losses	(18,348)	(25,269)
	198,128	191,207

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Ownership 2013	Effective Interest 2012	Principal Activity
GUH Electronic Holdings Sdn. Bhd.	Malaysia	100%	100%	Investment holding
GUH Electrical Holdings Sdn. Bhd.	Malaysia	100%	100%	Investment holding
GUH Properties Sdn. Bhd.	Malaysia	100%	100%	Property development
GUH Plantations Sdn. Bhd.	Malaysia	100%	100%	Cultivation of oil palm
GUH International (HK) Private Limited ^(a)	Hong Kong	100%	100%	Dormant
GUH Water Holdings Sdn. Bhd.	Malaysia	100%	100%	Investment holding
<u>Subsidiaries of GUH Electronic Holdings Sdn. Bhd.</u>				
GUH Circuit Industry (PG) Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of hybrid printed circuit boards
GUH Circuit Industry (Suzhou) Co., Ltd.	People's Republic of China	100%	100%	Manufacture and sale of hybrid printed circuit boards
Grand United (BVI) Co., Ltd.	British Virgin Islands	100%	100%	Sale of hybrid printed circuit boards
Grand Circuit Industry (Philippines) Inc. ^(b)	Philippines	100%	100%	Dormant

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Ownership 2013	Effective Interest 2012	Principal Activity
<u>Subsidiaries of GUH Electrical Holdings Sdn. Bhd.</u>				
GUH Electrical Appliances Sdn. Bhd.	Malaysia	100%	100%	Ceased operation
GUH Electrical (BW) Sdn. Bhd.	Malaysia	100%	100%	Trading in electrical goods and appliances
GUH Realty Sdn. Bhd.	Malaysia	100%	100%	Investment in real estate
GUH Electrical (KL) Sdn. Bhd.	Malaysia	100%	100%	Dormant
Malaysian Mechanical Engineering Industries Sdn. Bhd.	Malaysia	100%	100%	Dormant
Tecnovac Marketing Sdn. Bhd.	Malaysia	100%	100%	Dormant
<u>Subsidiaries of GUH Water Holdings Sdn. Bhd.</u>				
GUH Water (Jiangsu) Pte. Limited ^(a)	Hong Kong	100%	100%	Dormant
Teknoserv Engineering Sdn. Bhd.	Malaysia	100%	70%	Project managers and contractors for installation of waste water and water treatment plant
<u>Subsidiary of GUH Realty Sdn. Bhd.</u>				
Jeladan Sdn. Bhd.	Malaysia	100%	100%	Dormant
<u>Subsidiary of GUH Water (Jiangsu) Pte. Limited</u>				
GUH Water (Gaochun) Co., Ltd. ^(a)	People's Republic of China	100%	100%	Dormant

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

(b) Not audited by Crowe Horwath

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

8. INVESTMENT IN ASSOCIATE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares - at cost	3,023	6,046	3,023	6,046
Share of post-acquisition changes in net assets	8,768	14,172	0	0
	<u>11,791</u>	<u>20,218</u>	<u>3,023</u>	<u>6,046</u>

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Ownership 2013	Effective Interest 2012	Principal Activity
Cambodia Utilities Pte. Ltd.	Cambodia	20%	20%	Maintaining and operating power plant

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

	2013 RM'000	2012 RM'000
Non-current assets	2,740	9,727
Current assets	60,617	112,853
Non-current liabilities	(173)	(212)
Current liabilities	(4,229)	(21,279)
Net assets	58,955	101,089
Revenue	96,463	137,209
Profit (representing total comprehensive income)	<u>34,738</u>	<u>40,333</u>

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

	Group	
	2013 RM'000	2012 RM'000
Net assets	58,955	101,089
Effective ownership interest	20%	20%
Carrying amount	<u>11,791</u>	<u>20,218</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Shares quoted in Malaysia - at fair value	17,044	13,461	17,044	13,461
Unquoted shares - at cost less impairment losses	50	50	0	0
	<u>17,094</u>	<u>13,511</u>	<u>17,044</u>	<u>13,461</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.

10. INVESTMENTS IN CLUB MEMBERSHIPS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cost	236	225	78	78
Impairment losses	(85)	(85)	(70)	(70)
	<u>151</u>	<u>140</u>	<u>8</u>	<u>8</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

11. PROPERTY DEVELOPMENT ACTIVITIES

Group

Land Held For Property Development

	2013 RM'000	2012 RM'000
At 1 January		
- Freehold land	27,021	27,021
- Development costs	22,580	14,658
	49,601	41,679
Development costs incurred during the year	3,975	8,391
Transfer to property development costs		
- Freehold land	(1,183)	0
- Development costs	(3,144)	(469)
	(4,327)	(469)
Disposals during the year		
- Freehold land	(71)	0
- Development costs	(21)	0
	(92)	0
At 31 December		
- Freehold land	25,767	27,021
- Development costs	23,390	22,580
	49,157	49,601

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

11. PROPERTY DEVELOPMENT ACTIVITIES (cont'd)

Property Development Costs

	2013	2012
	RM'000	RM'000
At 1 January		
- Freehold land	3,051	4,513
- Development costs	28,134	23,489
	31,185	28,002
Development costs incurred during the year	17,155	27,571
Transfer from land held for property development		
- Freehold land	1,183	0
- Development costs	3,144	469
	4,327	469
Reversal of completed project		
- Freehold land	0	(1,462)
- Development costs	0	(23,395)
	0	(24,857)
Costs recognised in profit or loss		
- Prior year	(8,891)	(12,724)
- Current year	(25,378)	(16,740)
- Adjustment to completed project	0	20,573
	(34,269)	(8,891)
At 31 December	18,398	22,294

Accrued Billings

	2013	2012
	RM'000	RM'000
Property development revenue recognised in profit or loss	59,921	17,066
Billings to purchasers	(50,531)	(15,157)
	9,390	1,909

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

12. ASSET HELD FOR SALE

Group	Building RM'000
At 1 January 2013	0
Transfer from investment properties	470
At 31 December 2013	<u>470</u>

In September 2013, a subsidiary, GUH Realty Sdn. Bhd., entered into sale and purchase agreement to sell the building. The sale has yet to be completed as at the end of the reporting period.

Company	Freehold land RM'000
At 1 January 2012	14,600
Movement during the year	0
At 31 December 2012	<u>14,600</u>
Movement during the year	0
At 31 December 2013	<u>14,600</u>

In December 2009, the Company entered into sale and purchase agreement to sell the freehold land to a subsidiary, GUH Plantations Sdn. Bhd. Pending the registration of transfer, the land is classified as held for sale.

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

Group	2013 RM'000	2012 RM'000
Contract costs incurred	11,640	1,603
Recognised profits	2,970	701
	<u>14,610</u>	<u>2,304</u>
Progress billings	(9,339)	(1,601)
	<u>5,271</u>	<u>703</u>
Disclosed as:-		
- Amounts due from customers for contract work	5,330	703
- Amounts due to customers for contract work	(59)	0
	<u>5,271</u>	<u>703</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

14. INVENTORIES

Group	2013 RM'000	2012 RM'000
Raw materials	7,143	7,447
Work-in-progress	5,666	5,103
Finished goods	7,557	5,962
Consumables	3,135	3,042
Goods-in-transit	1,759	1,101
Completed development units	9,276	9,947
	34,536	32,602

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables:-				
- Related parties ^(a)	2	54	0	0
- Unrelated parties	63,566	51,290	0	0
- Allowance for impairment	(379)	(379)	0	0
	63,187	50,911	0	0
	63,189	50,965	0	0
Other receivables:-				
- Subsidiaries	0	0	94,052	87,819
- Allowance for impairment	0	0	(607)	(537)
	0	0	93,445	87,282
- Unrelated parties	624	659	10	9
	624	659	93,455	87,291
	63,813	51,624	93,455	87,291

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

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	20,650	20,156	93,455	87,291
Renminbi	27,136	20,203	0	0
US Dollar	16,027	11,265	0	0
	63,813	51,624	93,455	87,291

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

15. TRADE AND OTHER RECEIVABLES (cont'd)

Trade Receivables

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

Included in trade receivables are retention sums for contract work totalling RM1,399,000 (2012 : RM188,000).

The movements in allowance for impairment are as follows:-

	Group	
	2013 RM'000	2012 RM'000
At 1 January	379	563
Impairment loss recognised	8	11
Impairment loss written off	(8)	(195)
At 31 December	379	379

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	
	2013 RM'000	2012 RM'000
Not past due	56,407	44,397
Past due 1 to 30 days	4,500	3,319
Past due 31 to 120 days	2,059	2,922
Past due more than 120 days	223	327
	63,189	50,965

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

15. TRADE AND OTHER RECEIVABLES (cont'd)

Trade Receivables (cont'd)

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2013, the Group did not have any major credit risk concentration relating to any individual customer or counterparty. As at 31 December 2012, there were 2 major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM12,368,000. The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2013 RM'000	2012 RM'000
Malaysia	23,776	23,121
China	33,899	25,557
Others	5,514	2,287
	63,189	50,965

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.

The movements in allowance for impairment are as follows:-

	Company	
	2013 RM'000	2012 RM'000
At 1 January	537	0
Impairment loss recognised	70	537
At 31 December	607	537

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term investments	9,004	8,150	8,262	6,545
Term deposits with licensed banks (fixed rate)	144,773	120,273	34,349	27,142
Cash and bank balances	29,485	31,863	17	311
	<u>183,262</u>	<u>160,286</u>	<u>42,628</u>	<u>33,998</u>

Certain term deposits of the Group totalling RM3,149,000 (2012 : RM6,333,000) 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 RM20,582,000 (2012 : RM20,056,000) 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 2013 ranged from 0.01% to 3.50% (2012 : 0.05% to 4.50%) per annum.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	76,891	77,461	42,628	33,998
Renminbi	84,740	74,097	0	0
US Dollar	21,631	8,728	0	0
	<u>183,262</u>	<u>160,286</u>	<u>42,628</u>	<u>33,998</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables:-				
- Related parties ^(a)	1,618	1,262	0	0
- Related party ^(b)	827	823	0	0
- Unrelated parties	39,157	40,373	0	0
	<u>41,602</u>	<u>42,458</u>	<u>0</u>	<u>0</u>
Other payables:-				
- Subsidiaries	0	0	21,040	19,709
- Other related party ^(b)	20	61	0	0
- Unrelated parties	16,195	14,276	4,141	3,887
- Contingent consideration	0	1,000	0	0
	<u>16,215</u>	<u>15,337</u>	<u>25,181</u>	<u>23,596</u>
	<u>57,817</u>	<u>57,795</u>	<u>25,181</u>	<u>23,596</u>

(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

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	24,910	28,547	25,181	23,596
Renminbi	19,120	16,361	0	0
US Dollar	12,942	11,995	0	0
Others	845	892	0	0
	<u>57,817</u>	<u>57,795</u>	<u>25,181</u>	<u>23,596</u>

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

17. TRADE AND OTHER PAYABLES (cont'd)

Other Payables

Other payables are unsecured and non-interest bearing. The amounts owing to subsidiaries 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. The contingent consideration was payable to the sellers of Teknoserv Engineering Sdn. Bhd. upon the subsidiary meeting an earnings target in 2013.

18. HIRE PURCHASE PAYABLES

Group

Hire purchase payables are repayable over 3 to 5 years. The repayment analysis is as follows:-

	2013 RM'000	2012 RM'000
Minimum hire purchase payments:-		
- Within 1 year	71	58
- Later than 1 year and not later than 2 years	52	42
- Later than 2 years and not later than 5 years	21	24
Total contractual undiscounted cash flows	144	124
Future finance charges	(8)	(7)
Present value of hire purchase payables:-		
- Within 1 year	66	54
- Later than 1 year and not later than 2 years	49	40
- Later than 2 years and not later than 5 years	21	23
	136	117
Disclosed as:-		
- Current liabilities	66	54
- Non-current liabilities	70	63
	136	117

Hire purchase payables are secured against the assets acquired thereunder (Note 4). The effective interest rates as at 31 December 2013 ranged from 4.85% to 6.09% (2012 : 4.53% to 6.09%) per annum. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

19. DEFERRED TAX LIABILITIES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 January	6,517	4,314	0	0
Acquisition of subsidiary	0	9	0	0
Deferred tax (income)/expense recognised in:-				
- Profit or loss	(1,208)	(379)	0	0
- Other comprehensive income	7,304	0	123	0
Deferred tax liabilities (over)/ under provided in prior years	(50)	2,573	0	0
Currency translation differences	149	0	0	0
At 31 December	<u>12,712</u>	<u>6,517</u>	<u>123</u>	<u>0</u>
In respect of:-				
- Taxable/(Deductible) temporary differences of:-				
- Property, plant and equipment	13,269	5,759	123	0
- Investment properties	221	6	0	0
- Property development costs	1,775	2,049	0	0
- Inventories	204	(115)	0	0
- Financial instruments	(783)	(305)	0	0
- Unused capital allowances	(1,860)	(763)	0	0
- Unused tax losses	(114)	(114)	0	0
	<u>12,712</u>	<u>6,517</u>	<u>123</u>	<u>0</u>

Save as disclosed above, as at 31 December 2013, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group and the Company to the extent of approximately RM20,000 and RM12,000 (2012 : RM28,000 and RM24,000) 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deductible temporary differences of:-				
- Inventories	779	765	0	0
- Financial instruments	2,092	1,675	2,092	1,675
Unused capital allowances	728	722	685	679
Unused tax losses	20,397	19,837	9,406	8,846
Taxable temporary differences of property, plant and equipment	(78)	(113)	(47)	(95)
	<u>23,918</u>	<u>22,886</u>	<u>12,136</u>	<u>11,105</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

20. SHARE CAPITAL

	2013		2012	
	No. of Shares '000	RM'000	No. of Shares '000	RM'000
Ordinary shares of RM1.00 each				
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid-up:-				
At 1 January	185,414	185,414	203,070	203,070
Cancellation of treasury shares	0	0	(17,656)	(17,656)
Bonus issue	88,116	88,116	0	0
Issue of shares	4,375	4,375	0	0
At 31 December	<u>277,905</u>	<u>277,905</u>	<u>185,414</u>	<u>185,414</u>

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM185,414,000 to RM277,905,000 by way of:-

- (i) a bonus issue of 88,116,000 new ordinary shares of RM1.00 each on the basis of 1 new ordinary share for every 2 existing ordinary shares in issue by capitalising the capital redemption reserve and retained profits of the Company; and
- (ii) an issue of 4,375,000 new ordinary shares of RM1.00 each at an issue price of RM1.02 per share as purchase consideration for the acquisition of the remaining 30% equity interest in a subsidiary, Teknoserv Engineering Sdn. Bhd.

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:-

	2013		2012	
	No. of Shares '000	Cost RM'000	No. of Shares '000	Cost RM'000
At 1 January	9,121	12,058	15,864	18,968
Shares purchased	60	73	10,913	14,348
Shares cancelled	0	0	(17,656)	(21,258)
At 31 December	<u>9,181</u>	<u>12,131</u>	<u>9,121</u>	<u>12,058</u>
Average unit cost for the year (RM)		<u>1.217</u>		<u>1.315</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

20. SHARE CAPITAL (cont'd)

Purchase of Own Shares (cont'd)

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

	2013	2012
	No. of Shares	No. of Shares
	'000	'000
At 1 January	176,293	187,206
Shares purchased	(60)	(10,913)
Bonus issue	88,116	0
Issue of shares	4,375	0
At 31 December	268,724	176,293

21. NON-CONTROLLING INTERESTS ("NCI")

Group

	Accumulated NCI		Profit Allocated to NCI	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Teknoserv Engineering Sdn. Bhd.	0	2,510	596	99

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

Name of Subsidiary	Principal Place of Business	Effective Ownership Interest Held by NCI		Principal Activity
		2013	2012	
Teknoserv Engineering Sdn. Bhd.	Malaysia	0%	30%	Project managers and contractors for installation of wastewater and water treatment plant

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

21. NON-CONTROLLING INTERESTS (“NCI”) (cont’d)

The summarised financial information of the above subsidiary is as follows:-

	2013	2012
	RM'000	RM'000
Non-current assets	335	332
Current assets	15,332	8,931
Non-current liabilities	(96)	(79)
Current liabilities	(5,219)	(818)
Net assets	10,352	8,366
Revenue	23,262	(a)2,002
Profit (representing total comprehensive income)	1,986	(a)331
Net cash used in operating activities	(2,078)	(a)(141)
Net cash from investing activities	108	(a)24
Net cash used in financing activities	(67)	(a)(18)
Net cash outflow	<u>(2,037)</u>	<u>(a)(135)</u>

(a) From the date of acquisition to 31 December 2012

In December 2013, the Group, through GUH Water Holdings Sdn. Bhd., acquired the remaining 30% equity interest in Teknoserv Engineering Sdn. Bhd. for a total purchase consideration of RM4,462,000. The purchase consideration was satisfied by the issuance of 4,375,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.02 per share. The change in ownership interest has caused the equity attributable to owners of the Company to increase by RM3,106,000, being the NCI's share of the subsidiary's net assets immediately before the change.

22. REVENUE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Income from sale of goods	215,775	230,501	0	0
Income from sale of plantation produce	1,634	2,176	0	0
Income from rendering of services	0	0	5,337	5,500
Property development revenue	44,167	33,782	0	0
Contract revenue	23,262	2,002	0	0
Dividend income	385	10,519	16,814	22,819
Interest income	1,295	1,260	1,295	1,260
Rental income	51	146	0	0
	<u>286,569</u>	<u>280,386</u>	<u>23,446</u>	<u>29,579</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

23. PROFIT BEFORE TAX

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:-				
Allowance for slow moving inventories	154	154	0	0
Auditors' remuneration	174	144	35	33
Deposit written off	0	4	0	0
Depreciation	13,453	12,409	153	158
Direct operating expenditure for investment properties:-				
- Generating rental income	7	22	0	0
- Not generating rental income	4	0	0	0
Fee expense for financial instruments not at fair value through profit or loss	355	288	2	2
Impairment loss on loans and receivables:-				
- Subsidiary	0	0	70	537
- Unrelated parties	8	11	0	0
Interest expense for financial liabilities not at fair value through profit or loss	7	2	0	0
Inventories written down	105	0	0	0
Loss on derecognition of available-for-sale financial assets	0	549	0	549
Loss on disposal of property, plant and equipment	0	118	0	0
Loss on financial instruments at fair value through profit or loss (classified as held for trading)	2	7	0	0
Loss on foreign exchange:-				
- Realised	343	171	0	0
- Unrealised	0	157	0	0
Property development costs	26,092	17,330	0	0
Property, plant and equipment written off	15	689	0	2
Rental of premises	405	244	121	121
and crediting:-				
Compensation for loss of property, plant and equipment	0	103	0	0
Dividend income from:-				
- Subsidiary	0	0	4,050	3,150
- Associate	0	0	12,379	9,150
- Quoted investments in Malaysia	385	10,519	385	10,519

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

23. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Gain on derecognition of available-for-sale financial assets	720	0	720	0
Gain on disposal of investment properties	297	379	0	0
Gain on disposal of property, plant and equipment	181	0	187	0
Gain on fair value adjustment of investment properties	1,636	2,669	0	0
Gain on foreign exchange:-				
- Realised	851	0	851	0
- Unrealised	320	0	0	0
Interest income for financial assets not at fair value through profit or loss	4,849	4,858	1,295	1,260
Rental income from:-				
- Investment properties	58	153	0	0
- Others	162	125	0	0
Revaluation increase of properties	478	0	0	0
Reversal of allowance for slow moving inventories	75	96	0	0
Reversal of impairment loss on investments in subsidiaries ^(a)	0	0	6,921	6,309
	<u>0</u>	<u>0</u>	<u>6,921</u>	<u>6,309</u>

(a) Included in other operating income

24. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Salaries and bonuses	44,926	40,924	5,403	5,371
Defined contribution plans	3,932	3,653	784	783
Ex-gratia benefits	417	370	417	370
	<u>49,275</u>	<u>44,947</u>	<u>6,604</u>	<u>6,524</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

25. DIRECTORS' REMUNERATION

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Fees	426	453	400	421
Salaries and bonuses	3,050	3,000	3,050	3,000
Defined contribution plans	559	551	559	551
Ex-gratia benefits	417	370	417	370
	<u>4,452</u>	<u>4,374</u>	<u>4,426</u>	<u>4,342</u>

The estimated monetary value of benefits-in-kind provided to certain directors by way of usage of the Group's assets and other similar benefits amounted to RM15,000 (2012 : RM15,000).

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

26. TAX EXPENSE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:-				
- Malaysian income tax	4,410	6,496	22	2,576
- Overseas income tax	4,694	1,878	0	0
- Deferred tax	(1,208)	(379)	0	0
	<u>7,896</u>	<u>7,995</u>	<u>22</u>	<u>2,576</u>
Tax under/(over) provided in prior years:-				
- Malaysian income tax	40	(50)	0	0
- Overseas income tax	134	164	0	0
- Real Property Gains Tax	3	5	0	0
- Deferred tax	(50)	2,573	0	0
	<u>8,023</u>	<u>10,687</u>	<u>22</u>	<u>2,576</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

26. TAX EXPENSE (cont'd)

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	
	2013	2012	2013	2012
	%	%	%	%
Applicable tax rate	25.00	25.00	25.00	25.00
Non-deductible expenses	1.42	1.90	0.66	1.54
Non-taxable income	(7.34)	(6.37)	(26.64)	(17.98)
Increase in unrecognised deferred tax assets	0.67	0.58	1.07	1.07
Effect of differential tax rates	0.70	(4.06)	0.00	0.00
Average effective tax rate	<u>20.45</u>	<u>17.05</u>	<u>0.09</u>	<u>9.63</u>

The Company may distribute its entire retained profits as tax exempt dividends under the single tier tax system.

27. EARNINGS PER SHARE

Group

The basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:-

	2013	2012 (Restated)
Profit for the financial year attributable to owners of the Company (RM'000)	<u>29,987</u>	<u>36,111</u>
Number of shares in issue at 1 January ('000)	176,293	187,206
Effect of shares purchased ('000)	(45)	(5,308)
Effect of bonus issue ('000)	88,124	90,949
Effect of shares issued ('000)	72	0
Weighted average number of shares in issue ('000)	<u>264,444</u>	<u>272,847</u>
Basic earnings per share (sen)	<u>11.34</u>	<u>13.23</u>

The calculation of 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 bonus issue during the current financial year.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

28. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Group

Acquisition of Subsidiary

In September 2012, the Group, through GUH Water Holdings Sdn. Bhd., acquired 70% equity interest in Teknoserv Engineering Sdn. Bhd. for a total purchase consideration of RM8,972,000. The cash flow effects of the acquisition are as follows:-

	2013 RM'000	2012 RM'000
Total purchase consideration	0	8,972
Contingent consideration payable in 2013	1,000	(1,000)
Cash and cash equivalents acquired	0	(5,994)
Acquisition of subsidiary, net of cash acquired	<u>1,000</u>	<u>1,978</u>

Purchase of Property, Plant and Equipment

	2013 RM'000	2012 RM'000
Cost of property, plant and equipment purchased	5,587	21,292
Amount financed through hire purchase	(87)	0
Net cash disbursed	<u>5,500</u>	<u>21,292</u>

29. RELATED PARTY DISCLOSURES

Other than the directors' remuneration as disclosed in Note 25, significant transactions with related parties during the financial year are as follows:-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Capital repayment from associate	3,874	0	3,874	0
Disposal of property, plant and equipment to subsidiary	0	0	87	0
Dividend declared from associate	12,379	9,150	12,379	9,150
Dividend declared from subsidiary	0	0	4,050	3,150
Rendering of management services to subsidiaries	0	0	5,337	5,500
Renting of premises from subsidiary	0	0	121	121

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

29. RELATED PARTY DISCLOSURES (cont'd)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Purchase of goods from other related parties ^(a)	5,050	6,310	0	0
Purchase of property, plant and equipment from other related party ^(a)	0	318	0	0
Purchase of property, plant and equipment from other related party ^(b)	0	32	0	0
Receiving of services from other related parties ^(b)	377	1,240	0	0
Renting of premises from other related party ^(a)	157	92	0	0
Sale of development units to other related parties ^(a)	0	3,142	0	0
Sale of goods to other related parties ^(a)	723	203	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

30. SEGMENT REPORTING

Group

Operating Segments

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

- (i) Manufacture of printed circuit boards
- (ii) Property development
- (iii) Sale of electrical appliances
- (iv) Cultivation of oil palm
- (v) Water and wastewater treatment

No operating segments have been aggregated to form the above reportable segments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

30. SEGMENT REPORTING (cont'd)

Operating Segments (cont'd)

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 waste water treatment RM'000	Unallocated non- operating segments RM'000	Total RM'000
2013							
Segment assets	322,524	114,585	4,671	866	19,022	89,416	551,084
Investment in associate	0	0	0	0	0	11,791	11,791
Income tax assets	246	130	1	10	0	436	823
Total assets	322,770	114,715	4,672	876	19,022	101,643	563,698
Additions to non-current assets	4,621	212	2	0	127	625	5,587
Segment liabilities	40,930	7,155	928	147	4,455	4,261	57,876
Loans and borrowings	0	0	0	0	136	0	136
Income tax liabilities	12,628	1,673	20	123	315	848	15,607
Total liabilities	53,558	8,828	948	270	4,906	5,109	73,619
External revenue	208,747	44,167	7,027	1,634	23,262	1,732	286,569
Intersegment revenue	0	0	4	0	0	9,348	9,352
Total revenue	208,747	44,167	7,031	1,634	23,262	11,080	295,921
Segment profit	10,013	11,998	296	682	2,516	1,311	26,816
Interest income	2,913	487	22	0	132	1,295	4,849
Interest expense	0	0	0	0	(7)	0	(7)
Share of profit of associate	0	0	0	0	0	6,948	6,948
Profit before tax	12,926	12,485	318	682	2,641	9,554	38,606
Tax expense	(3,421)	(3,332)	(56)	(173)	(691)	(350)	(8,023)
Profit for the financial year	9,505	9,153	262	509	1,950	9,204	30,583
Non-cash income	838	0	44	0	31	1,596	2,509
Depreciation	12,902	186	12	53	123	177	13,453
Other non-cash expenses	226	0	47	1	8	0	282

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

30. 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 waste water treatment RM'000	Unallocated non- operating segments RM'000	Total RM'000
<u>2012</u>							
Segment assets	265,489	116,782	4,796	843	12,576	68,952	469,438
Investment in associate	0	0	0	0	0	20,218	20,218
Income tax assets	739	298	51	0	41	440	1,569
Total assets	266,228	117,080	4,847	843	12,617	89,610	491,225
Additions to non-current assets	20,550	595	2	19	3,710	114	24,990
Segment liabilities	36,548	14,078	1,370	96	1,770	3,933	57,795
Loans and borrowings	0	0	0	0	117	0	117
Income tax liabilities	6,125	1,786	0	160	16	8	8,095
Total liabilities	42,673	15,864	1,370	256	1,903	3,941	66,007
External revenue	222,927	33,782	7,574	2,176	2,002	11,925	280,386
Intersegment revenue	0	0	11	0	0	8,497	8,508
Total revenue	222,927	33,782	7,585	2,176	2,002	20,422	288,894
Segment profit	11,043	11,163	236	1,180	136	10,216	33,974
Interest income	2,863	652	47	0	36	1,260	4,858
Interest expense	0	0	0	0	(2)	0	(2)
Share of profit of associate	0	0	0	0	0	8,067	8,067
Profit before tax	13,906	11,815	283	1,180	170	19,543	46,897
Tax expense	(2,140)	(5,493)	(51)	(298)	(87)	(2,618)	(10,687)
Profit for the financial year	11,766	6,322	232	882	83	16,925	36,210
Non-cash income	109	0	37	0	0	2,619	2,765
Depreciation	11,996	118	12	72	30	181	12,409
Other non-cash expenses	944	53	4	0	12	2	1,015

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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Malaysia	144,940	147,871	146,698	135,194
China	123,077	112,340	70,120	50,048
Other countries	18,552	20,175	0	0
	<u>286,569</u>	<u>280,386</u>	<u>216,818</u>	<u>185,242</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

30. SEGMENT REPORTING (cont'd)

Major Customers

The major customers that contributed 10% or more of the Group's total revenue are as follows:-

	External Revenue		Operating Segment
	2013	2012	
	RM'000	RM'000	
Customer I ^(a)	35,021	46,240	Manufacture of printed circuit boards
Customer II ^(a)	<u>15,368</u>	<u>34,477</u>	Manufacture of printed circuit boards

(a) The identity of the major customer has not been disclosed as permitted by FRS 8 Operating Segments.

31. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

Group

	2013	2012
	RM'000	RM'000
Contracted but not provided for	<u>4,626</u>	<u>278</u>

32. CONTINGENT LIABILITIES - UNSECURED

Company

Financial Guarantee Contracts

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions and trade suppliers for credit facilities granted to certain subsidiaries up to a total limit of RM40,318,000 (2012 : RM34,920,000). The total utilisation of these credit facilities as at 31 December 2013 amounted to RM12,518,000 (2012 : RM9,122,000).

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 (2012 : NIL) to guarantee the due performance of all the contract works by a subsidiary in a water treatment project.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

33. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and other price risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 32.

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").

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

33. FINANCIAL RISK MANAGEMENT (cont'd)

Currency Risk (cont'd)

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 Increase/ (Decrease) in Profit 2013 RM'000	Increase/ (Decrease) in Profit 2012 RM'000
Appreciation of USD against RM by 10% (2012 : 5%)	191	(19)
Depreciation of USD against RM by 10% (2012 : 5%)	(191)	19
Appreciation of USD against RMB by 5% (2012 : 5%)	695	277
Depreciation of USD against RMB by 5% (2012 : 5%)	(695)	(277)

Other Price Risk

The Group's exposure to other price risk arises mainly from quoted investments.

The Group manages its investments on an individual basis by continuously evaluating the share price movements, investment returns and the general industrial conditions relevant to the investees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

33. FINANCIAL RISK MANAGEMENT (cont'd)

Other Price Risk (cont'd)

The Group's quoted investments are listed on Bursa Malaysia Securities Berhad. Based on the assumption that the share prices of these investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI"), the following table demonstrates the sensitivity of profit or loss and other comprehensive income ("OCI") to changes in FBMKLCI that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group and Company				
	Increase/ (Decrease) in Profit 2013 RM'000	Increase/ (Decrease) in Profit 2012 RM'000	Increase/ (Decrease) in OCI 2013 RM'000	Increase/ (Decrease) in OCI 2012 RM'000	
	Increase in FBMKLCI by 10% (2012 : 10%)	0	0	1,704	1,346
	Decrease in FBMKLCI by 10% (2012 : 10%)	0	0	(1,704)	(1,346)

34. CAPITAL MANAGEMENT

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity (including non-controlling interests) and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity as follows:-

	Group	
	2013 RM'000	2012 RM'000
Total loans and borrowings	136	117
Total equity	490,079	425,218
Total capital	490,215	425,335
Debt-to-equity ratio	0.03%	0.03%

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

SUPPLEMENTARY INFORMATION

- REALISED AND UNREALISED PROFITS OR LOSSES

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:-				
- Realised	243,668	235,114	74,771	81,665
- Unrealised	3,889	2,253	0	0
	247,557	237,367	74,771	81,665
Total share of retained profits of associate:-				
- Realised	10,960	16,391	0	0
- Unrealised	0	0	0	0
	258,517	253,758	74,771	81,665
Consolidation adjustments and eliminations	(89,658)	(82,549)	0	0
Total retained profits as per statement of financial position	168,859	171,209	74,771	81,665

The above supplementary information is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

ANALYSIS OF SHAREHOLDINGS

Class of Shares	: Ordinary Shares of RM1.00 each
Authorized Capital	: RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1.00 each
Issued and Fully Paid-Up Capital	: RM277,904,539 divided into 277,904,539 ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share
No. of Shareholders	: 13,776

Distribution Schedule of Shares

As at 31 March 2014

Holdings	No. of Holders	Total Holdings	%
Less than 100	861	45,959	0.02
100 - 1,000	2,782	1,175,157	0.44
1,001 – 10,000	8,293	28,754,518	10.83
10,001 – 100,000	1,685	44,225,433	16.66
100,001 – less than 5% of issued shares	153	115,250,147	43.42
5% and above of issued shares	2	75,950,125	28.62
Total	13,776	265,401,339	100.00

* Exclusive of 12,503,200 ordinary shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS

Substantial Shareholders

As at 31 March 2014

No.	Name of Substantial Shareholders	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	HSBC Nominees (Asing) Sdn. Bhd. <i>HBAP for Gold Connection Assets Limited</i>	45,337,200	17.08	-	-
2.	Zun Holdings Sdn. Bhd.	30,612,925	11.53	-	-
3.	Datin Seri Ang Gaik Nga	11,494,500	4.33	30,612,925 ^a	11.53
4.	Dato' H'ng Chun Hsiang	2,316,000	0.87	30,612,925 ^a	11.53
5.	H'ng Hsieh Fern	2,304,000	0.87	30,612,925 ^a	11.53
6.	Datin Jessica H'ng Hsieh Ling	2,263,500	0.85	30,612,925 ^a	11.53
7.	H'ng Chun Ching	2,250,000	0.85	30,612,925 ^a	11.53
8.	Dato' Seri H'ng Bok San	-	-	51,240,925 ^b	19.31

Directors' Shareholding

As at 31 March 2014

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Seri H'ng Bok San	-	-	51,240,925 ^b	19.31
2.	Dato' Kenneth H'ng Bak Tee	-	-	2,862,750 ^c	1.08
3.	Dato' Harry H'ng Bak Seah	2,561,928	0.97	-	-
4.	Datin Jessica H'ng Hsieh Ling	2,263,500	0.85	30,612,925 ^a	11.53
5.	Lai Chang Hun	2,737,932	1.03	3,576,880 ^d	1.35
6.	Wan Ismail Bin Wan Nik	3,686,302 ^e	1.39	-	-
7.	Chew Hock Lin	-	-	-	-
8.	Dato' Ismail Bin Hamzah	-	-	-	-

Notes:

- a Deemed interest via shares held by Zun Holdings Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965
- b Deemed interest via shares held by Zun Holdings Sdn. Bhd. and his spouse and children by virtue of Sections 6A and 134(12)(c) of the Companies Act, 1965
- c Deemed interest via shares held by his spouse and children by virtue of Section 134(12)(c) of the Companies Act, 1965
- d Deemed interest via shares held by Laico Jaya Sdn. Bhd. and his children by virtue of Sections 6A and 134(12)(c) of the Companies Act, 1965
- e 3,662,250 shares are pledged under HLB Nominees (Tempatan) Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

Thirty (30) Largest Shareholders

As at 31 March 2014

No.	Name of Securities Account Holders	No. of Shares	%
1.	HSBC Nonimees (Asing) Sdn. Bhd. <i>HBAP for Gold Connection Assets Limited (PB-SGDIV501999)</i>	45,337,200	17.08
2.	Zun Holdings Sdn. Bhd.	30,612,925	11.53
3.	Datin Seri Ang Gaik Nga	11,494,500	4.33
4.	Song Siew Gnoh	9,650,767	3.64
5.	Siaw Poon Keong	4,374,300	1.65
6.	Kan Yu Oi Ling	4,280,575	1.61
7.	Tham Kok Hong @ Tam Kok Ang	4,064,700	1.53
8.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for W Ismail W Nik</i>	3,662,250	1.38
9.	Laico Jaya Sdn. Bhd.	3,464,344	1.31
10.	Howell Chen Chung	3,399,500	1.28
11.	Tay Teck Ho	3,250,000	1.22
12.	How Kim Chai	2,745,000	1.03
13.	Lai Chang Hun	2,737,932	1.03
14.	Dato' Harry H'ng Bak Seah	2,561,928	0.97
15.	Shoptra Jaya (M) Sdn. Bhd.	2,487,150	0.94
16.	Dato' H'ng Chun Hsiang	2,316,000	0.87
17.	H'ng Hsieh Fern	2,304,000	0.87
18.	Datin Jessica H'ng Hsieh Ling	2,263,500	0.85
19.	H'ng Chun Ching	2,250,000	0.85
20.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Deutsche Bank AG Singapore for British & Malayan Trustees Limited (YEOMAN 3-Rights)</i>	2,125,000	0.80
21.	Malaysia Nominees (Asing) Sendirian Berhad <i>Oversea-Chinese Bank Nominees Pte Ltd for Oversea-Chinese Banking Corporation Limited (OCB33076-000FM)</i>	1,837,500	0.69
22.	Lim Khuan Eng	1,810,000	0.68
23.	Cartaban Nominees (Tempatan) Sdn. Bhd. <i>Exempt an for Eastspring Investments Berhad</i>	1,747,400	0.66
24.	Zulkifli Bin Hussain	1,539,000	0.58
25.	H'ng Chun Li	1,452,450	0.55
26.	Amanahraya Trustees Berhad <i>AMITTIKAL</i>	1,389,200	0.52
27.	RHB Nominees (Tempatan) Sdn. Bhd. <i>DBS Vickers Secs (S) Pte Ltd for Kuok Khoo Ho</i>	1,218,472	0.46
28.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investments Dana Al-Ilham</i>	892,200	0.34
29.	Yeo Khee Huat	886,500	0.33
30.	Yeap Chin Loon	825,000	0.31

LIST OF PROPERTIES

As At 31 December 2013

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	27 years	25,180	31-Dec-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	27 years	10,070	31-Dec-2013
3	160-4-3 Anson Road, 10400 Penang	Freehold	Apartment	153	32 years	380	31-Dec-2013
4	588 Changjiang Road, New District Suzhou, Jiangsu, China	Leasehold 50 years Expiring on 17/8/2047	Office/ Factory building	53,325	16 years	48,831	31-Dec-2013
5	Along Kuala Lumpur/ Seremban Highway, Pekan Bukit Kepayang, District of Seremban Negeri Sembilan	Freehold	Ongoing mixed development scheme known as Taman Bukit Kepayang	531,873	-	25,767	30-Sep-2004
6	Lot No. 5 Mukim Telui Kiri, Daerah Kuala Muda, Kedah	Freehold	Agricultural land	1,559,724	-	21,200	31-Dec-2013
7	4935 Jalan Siram, 12100 Butterworth, Penang	Freehold	3-storey terrace shophouse	511	22 years	950	31-Dec-2013
8	22 Jalan 6/89B, Kawasan Perindustrian Trisegi, Off Batu 3 1/2, Jalan Sungai Besi 57100 Kuala Lumpur	Leasehold 66 years Expiring on 21/3/2043	4 storey light industrial building	156	26 years	470	31-Dec-2012
9	17 Jalan Nafiri, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shophouse	251	21 years	325	31-Dec-2013
10	1 Jalan Nafiri, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shophouse	248	21 years	325	31-Dec-2013
11	3 Jalan Nafiri, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shophouse	251	21 years	325	31-Dec-2013
12	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	26 years	55	31-Dec-2013

LIST OF PROPERTIES

As At 31 December 2013

No.	Address/ Location	Tenure	Description	Area (square metre)	Approximate Age of properties/ buildings	Net Book Value (RM'000)	Date of Re-Valuation
13	1-1-05 No. 1, Persiaran Bukit Jambul 1, Complex Relau, 11900 Penang	Freehold	Shoplot	86	19 years	260	31-Dec-2013
14	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	15 years	-	31-Dec-2009
15	Lot No. 1692, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	21,250	-	5,030	31-Dec-2013
16	Lot No. 1693, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	1,998	-	390	31-Dec-2013

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 50th Annual General Meeting (“AGM”) of GUH Holdings Berhad 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 Monday, 19 May 2014 at 10:00 a.m. to transact the following businesses:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**
2. To approve the payment of Directors’ fees for the financial year ended 31 December 2013. **Resolution 2**
3. To re-elect the following Directors who retire by rotation pursuant to Article 99 of the Company’s Articles of Association and being eligible, offer themselves for re-election:
 - (i) Dato’ Kenneth H’ng Bak Tee **Resolution 3**
 - (ii) Dato’ Harry H’ng Bak Seah **Resolution 4**
 - (iii) Dato’ Ismail Bin Hamzah **Resolution 5**
4. To pass the following resolutions pursuant to Section 129 of the Companies Act, 1965:
 - (i) “THAT Mr. Chew Hock Lin, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next AGM.” **Resolution 6**
 - (ii) “THAT Mr. Lai Chang Hun, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next AGM.” **Resolution 7**
 - (iii) “THAT Dato’ Seri H’ng Bok San, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next AGM.” **Resolution 8**
5. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the financial year ending 31 December 2014 and to authorize the Directors to fix their remuneration. **Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

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

6. ORDINARY RESOLUTION – AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 **Resolution 10**

“That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorized to issue shares in the capital of 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 issued and paid-up share capital 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.”

7. ORDINARY RESOLUTION – PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES **Resolution 11**

“THAT subject to the Company’s compliance with all applicable rules, regulations and orders made pursuant to the Companies Act, 1965 (“Act”), the provisions of the Company’s Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and the approvals 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 of RM1.00 each 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 issued and paid-up share capital 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

NOTICE OF ANNUAL GENERAL MEETING

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements 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 ordinary 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.”

8. **ORDINARY RESOLUTION –
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR
TRADING NATURE**

Resolution 12

“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 25 April 2014; 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:

NOTICE OF ANNUAL GENERAL MEETING

- (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 after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but not extending to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by ordinary 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.”

9. **ORDINARY RESOLUTION – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

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

- (i) En. Wan Ismail Bin Wan Nik
- (ii) Dato' Ismail Bin Hamzah
- (iii) Mr. Chew Hock Lin
- (iv) Mr. Lai Chang Hun

Resolution 13
Resolution 14
Resolution 15
Resolution 16

- 10. 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 25 April 2014

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) pursuant to Paragraph 7.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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. **For the purpose of determining who shall be entitled to attend the AGM of the Company, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 12 May 2014 (General Meeting Record of Depositors) and only a Depositor whose name appears on such General Meeting Record of Depositors 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 ON SPECIAL BUSINESS:

1. RESOLUTION 10

AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

As at the date of this notice, 4,374,300 ordinary shares of RM1.00 each were issued and listed on 27 December 2013 under the general authority granted to the Directors for issuance of shares pursuant to Section 132D of the Companies Act, 1965 at the last AGM held on 21 May 2013 which will lapse at the conclusion of the 50th AGM.

The proposed Resolution 10, if passed, will give authority to the Directors of the Company from date of the forthcoming 50th AGM, to issue and allot shares in the Company up to and not exceeding 10% of the issued and paid-up share capital of the Company for the time being, for such purpose as they consider would be in the best interest of the Company. In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, the new general mandate 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. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING

2. RESOLUTION 11

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

The proposed Resolution 11, if passed, would empower the Directors of the Company to purchase the Company's shares up to 10% of the issued and paid-up share capital of the Company for the time being, quoted on Bursa Malaysia Securities Berhad, by utilizing the funds allocated which shall not exceed the audited retained profits of the Company. Further information is set out in the Share Buy-Back Statement, contained in Part A of the Circular to Shareholders dated 25 April 2014, which is dispatched together with the Company's 2013 Annual Report.

3. RESOLUTION 12

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Resolution 12, 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 a ordinary resolution passed by the shareholders of the Company in general meeting, whichever is earlier. Further information is set out in Part B of the Circular to Shareholders dated 25 April 2014, which is dispatched together with the Company's 2013 Annual Report.

4. RESOLUTIONS 13, 14, 15 & 16

RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board of Directors had via the Nomination Committee conducted the annual performance evaluation and assessment of independence of the following Directors who have served as Independent Non-Executive Directors for a cumulative term of more than nine years and recommended them to continue to act as Independent Non-Executive Directors based on the following justifications:

- (i) En. Wan Ismail Bin Wan Nik
- (ii) Dato' Ismail Bin Hamzah
- (iii) Mr. Chew Hock Lin
- (iv) Mr. Lai Chang Hun

Justifications:

- (a) Fulfils the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (b) Provide the Board with diverse set of experience, skills and expertise in the relevant field/business industry;
- (c) Sufficient time and attention to their professional obligations for informed and balanced decision making; and
- (d) Able to bring independent and objective judgment to the Board deliberations and their position in the Board has not been compromised by their familiarity and long relationship with other Board members.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. The Directors who are retiring pursuant to Article 99 of the Articles of Association of the Company and seeking re-election are:
 - i. Dato' Kenneth H'ng Bak Tee
 - ii. Dato' Harry H'ng Bak Seah
 - iii. Dato' Ismail Bin Hamzah

2. The Directors who are standing for re-appointment in accordance to Section 129 of the Companies Act, 1965, are:
 - i. Mr. Chew Hock Lin
 - ii. Mr. Lai Chang Hun
 - iii. Dato' Seri H'ng Bok San

Further details of the above Directors are set out in the section entitled "Directors' Profile" on pages 4 to 7. Their shareholdings in the Company are stated on page 55 of the Financial Statements of the Company's 2013 Annual Report.

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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 GHH 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 50th 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 Monday, 19 May, 2014 at 10:00 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 receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors thereon	Resolution 1	
To approve the payment of Directors' fees for the financial year ended 31 December 2013	Resolution 2	
To re-elect Dato' Kenneth H'ng Bak Tee who is retiring pursuant to Article 99 of the Company's Articles of Association	Resolution 3	
To re-elect Dato' Harry H'ng Bak Seah who is retiring pursuant to Article 99 of the Company's Articles of Association	Resolution 4	
To re-elect Dato' Ismail Bin Hamzah who is retiring pursuant to Article 99 of the Company's Articles of Association	Resolution 5	
To re-appoint Mr. Chew Hock Lin who is retiring pursuant to S129 of the Companies Act, 1965	Resolution 6	
To re-appoint Mr. Lai Chang Hun who is retiring pursuant to S129 of the Companies Act, 1965	Resolution 7	
To re-appoint Dato' Seri H'ng Bok San who is retiring pursuant to S129 of the Companies Act, 1965	Resolution 8	
To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorize the Directors to fix their remuneration	Resolution 9	
Special Business	For	Against
Authority to issue shares pursuant to Section 132D of the Companies Act, 1965	Resolution 10	
Proposed renewal of authority for the Company to purchase its own shares	Resolution 11	
Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Resolution 12	
To approve En. Wan Ismail Bin Wan Nik to continue in office as Independent Non-Executive Director	Resolution 13	
To approve Dato' Ismail Bin Hamzah to continue in office as Independent Non-Executive Director	Resolution 14	
To approve Mr. Chew Hock Lin to continue in office as Independent Non-Executive Director	Resolution 15	
To approve Mr. Lai Chang Hun to continue in office as Independent Non-Executive Director	Resolution 16	



Dated this day of, 20

.....
 Signature of Member/Common Seal

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Notes:

1. Every Member is entitled to appoint a proxy/proxies (or in the case of a corporation to appoint a representative) to attend and vote in his place. A proxy/proxies need not be a Member of the Company. The proxy/proxies appointed shall have the same right as the Member to speak at the Meeting.
2. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting and where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorized in writing, and in the case of corporation, either under the Common Seal or signed by its attorney or an officer duly authorized.
4. Where a Member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) pursuant to Paragraph 7.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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. **For the purpose of determining who shall be entitled to attend the AGM of the Company, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 12 May 2014 (General Meeting Record of Depositors) and only a Depositor whose name appears on such General Meeting Record of Depositors 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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The Company Secretary

GUH HOLDINGS BERHAD

Part of Plot 1240 & 1241,
Bayan Lepas Free Industrial Zone,
Phase 3, Bayan Lepas,
11900 Penang, Malaysia

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www.guh.com.my