

GUH HOLDINGS BERHAD (4104-W)



2010 ANNUAL REPORT

CORPORATE PROFILE

GUH Holdings Berhad (“GUH” or “the Company”) was incorporated on 1 March 1961 and is listed on the Main Market of Bursa Malaysia Securities Berhad under the Industrial Products sector.

Business

The principal activities of GUH are investment holding and provision of management services to its subsidiaries.

GUH Group is involved in several businesses and is engaging in electronic, electrical, property, plantation and power.

Electronic Division

Through its subsidiaries, the Electronic Division is principally engaged in the manufacture and sale of printed circuit boards catering to television, audio and video, computer, automotive home appliances, electronic components, auto, office automation, communications and other consumer products. The manufacturing activity is carried out in the manufacturing facility in Bayan Lepas Free Industrial Zone in Bayan Lepas, Penang and in New District of Suzhou, China.

Electrical Division

The core activity of the Electrical Division is trading of electrical goods and appliances.

Property Division

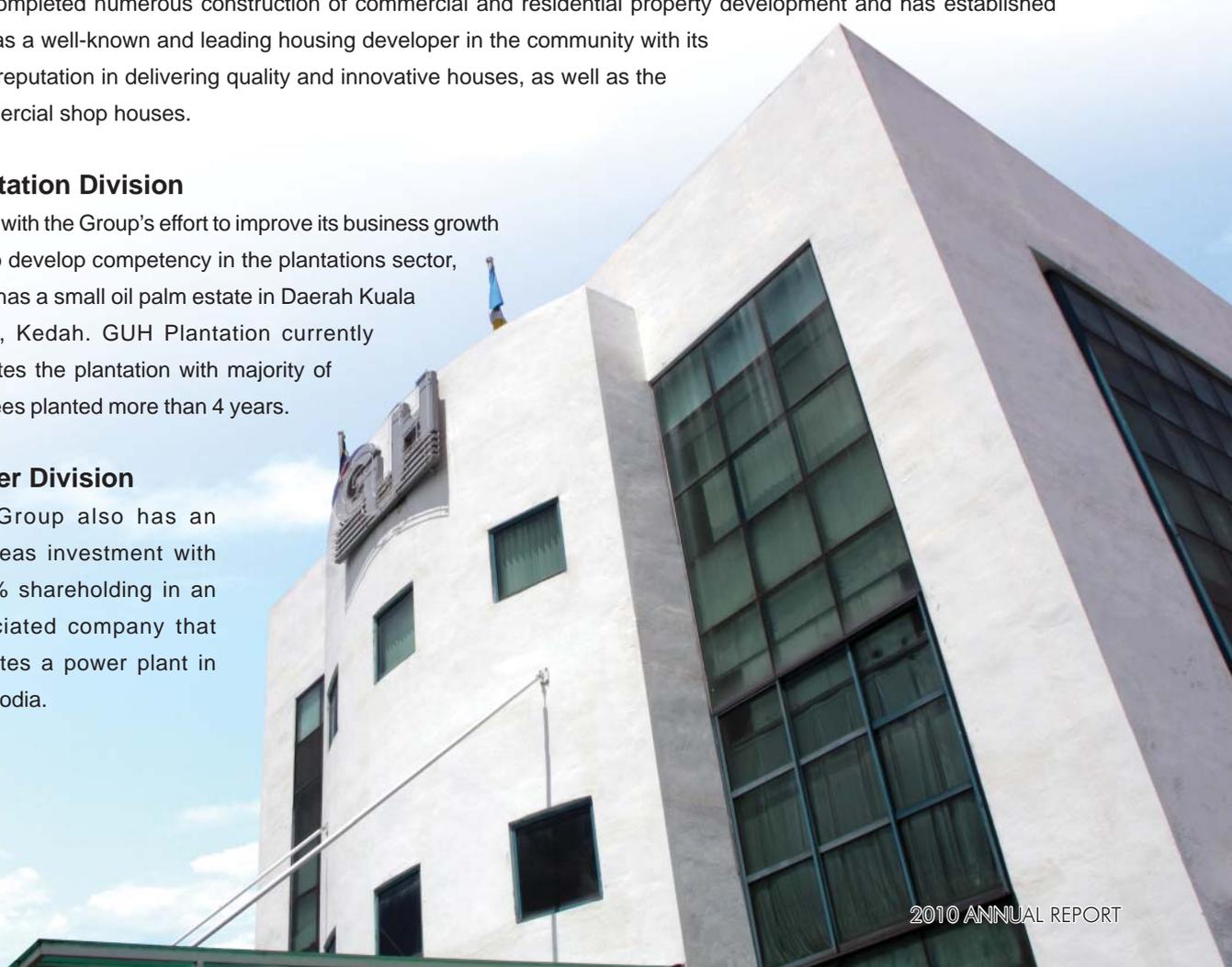
The Property Division is actively involved in its flagship property development project in Taman Bukit Kepayang, a well-mixed development township in Seremban, Negeri Sembilan. It is strategically located adjacent to the Seremban interchange of the North-South Highway, a gateway to Seremban. The well-planned integrated development project comprises medium to high-end residential and commercial units. Over the past decades, GUH Properties has completed numerous construction of commercial and residential property development and has established itself as a well-known and leading housing developer in the community with its good reputation in delivering quality and innovative houses, as well as the commercial shop houses.

Plantation Division

In line with the Group’s effort to improve its business growth and to develop competency in the plantations sector, GUH has a small oil palm estate in Daerah Kuala Muda, Kedah. GUH Plantation currently operates the plantation with majority of the trees planted more than 4 years.

Power Division

The Group also has an overseas investment with a 20% shareholding in an associated company that operates a power plant in Cambodia.



CORPORATE VISION

To be profitable and well-established conglomerate that maximizes the interest for its shareholders, employees, customers and community



CORPORATE MISSION

FOR ITS SHAREHOLDERS

- Practice 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 fulfil customers' needs and satisfactions in the market place

FOR ITS COMMUNITY

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

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BOARD OF DIRECTORS

Dato' Seri H'ng Bok San
Executive Chairman

Dato' Chung Chin Fu
Non-Executive Deputy Chairman

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

Dato' H'ng Bak Seah
Non-Executive Director

Datin H'ng Hsieh Ling
Non-Executive Director

Mr. Chew Hock Lin
Independent Non-Executive Director

Dato' Ismail Bin Hamzah
Independent Non-Executive Director

Mr. Lai Chang Hun
Independent Non-Executive Director

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

AUDIT COMMITTEE

Mr. Chew Hock Lin Chairman
Dato' Ismail Bin Hamzah
Datin 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 : 04-616 6333
Fax : 04-616 6366
Email : guhholdings@guh.com.my

WEBSITE

www.guh.com.my

SHARE REGISTRAR

Mega Corporate
Services Sdn. Bhd.(187984-H)
Level 15-2 Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4271
Fax : 03-2732 5388

AUDITORS

Crowe Horwath (AF1018)
Chartered Accountants
17.01 Menara Boustead Penang
39 Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-227 7061
Fax : 04-227 8011

BANKERS

Public Bank Berhad
Citibank Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Listed on the Main Market of
Bursa Malaysia Securities Berhad

STOCK NAME

GUH (3247)

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 Appliances Sdn. Bhd.
- 100% GUH Electrical (KL) 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 International (HK) Pte. Ltd.

20% Cambodia Utilities Pte. Ltd.



Dato' Seri H'ng Bok San

Executive Chairman

Age 71, Malaysian

Dato' Seri H'ng Bok San was appointed to the Board as the Executive Chairman on 6 January 1994. Apart from his directorship in the Company, Dato' Seri H'ng is also the Executive Deputy Chairman of Leader Universal Holdings Berhad. He also serves on the board of Sarawak Cable Berhad Group and several private companies. Dato' Seri H'ng completed his high school examinations and obtained his certificate in Business Administration and Accounting in the early years. He has been in the manufacturing and marketing management business for more than 40 years. His daughter, Datin H'ng Hsieh Ling and two brothers, Dato' H'ng Bak Seah and Dato' Kenneth H'ng Bak Tee are also Directors of the Company. He is deemed to have an interest pertaining to the Proposed New Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature, which will be tabled at the forthcoming Extraordinary General Meeting to be held on the same day of the Company's 47th Annual General Meeting.

Dato' Seri H'ng Bok San attended all of the 4 Board meetings which were held in the financial year ended 31 December 2010.



Dato' Chung Chin Fu

Non-Executive Deputy Chairman

Age 73, Taiwanese

Dato' Chung Chin Fu was appointed to the Board as the Managing Director on 13 January 1994. He has been elected as Non-Executive Deputy Chairman of the Group since 1 January 2006. Dato' Chung is a director of several other private limited companies. Dato' Chung graduated from the Electrical Department of Taipei Engineering College of Taiwan. He has over 40 years of experience and wide knowledge in the manufacturing of electrical and electronics engineering and cable industry. He does not have any family relationship with any Director of GUH Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

Dato' Chung Chin Fu attended all of the 4 Board meetings which were held in the financial year ended 31 December 2010.

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

Chief Executive Officer/Managing Director

Age 51, Malaysian

Dato' Kenneth H'ng Bak Tee was appointed to the Board as the Chief Executive Officer/Managing Director on 1 September 2004. He is also a member of the Remuneration Committee of the Board. He graduated with a Bachelor of Mathematics with Double Honours in Computer Science and Combinatoric and Optimization and a Master's Degree in Management Science from the University of Waterloo, Canada. He is a member of the Institute of Approved Company Secretaries, an affiliate of Malaysian Institute of Chartered Secretaries and Administrators and an affiliate of Registered Financial Planner. Dato' Kenneth joined International Business Machines in Kuala Lumpur in 1985 as a System Engineer. After a short period of 2 years, he was posted to the regional headquarters (Asia-South Pacific Area) in Hong Kong. He was awarded an Informal Manager's Award and the Asia-South Pacific Area Excellence Award in 1988 for his role in the business planning and development. He returned to Malaysia in 1989 and joined Leader Cable Industry Berhad as the Deputy General Manager. He was later appointed as the Group Executive Director of Leader Universal Holdings Berhad in August 1995 and was appointed as the Managing Director from 1998 to February 2004. Subsequent to that, he was appointed as the Executive Vice Chairman until his appointment to GUH Group of Companies. He also sits on the board of Binary University College of Management & Entrepreneurship and several private companies. He is the brother of the Group's Executive Chairman, Dato' Seri H'ng Bok San and Non-Executive Director, Dato' H'ng Bak Seah. His niece, Datin H'ng Hsieh Ling is also a Director of the Company. He is deemed to have an interest pertaining to the Proposed New Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature, which will be tabled at the forthcoming Extraordinary General Meeting to be held on the same day of the Company's 47th Annual General Meeting.

Dato' Kenneth H'ng Bak Tee attended all of the 4 Board meetings which were held in the financial year ended 31 December 2010.



Dato' H'ng Bak Seah

Non-Executive Director

Age 61, Malaysian

Dato' H'ng Bak Seah was appointed to the Board as a Non-Executive Director on 13 January 1994. He also serves on the board of several other local and overseas private limited companies. Dato' H'ng began his career in pewter and magnet wire manufacturing and subsequently ventured into the telecommunications and power cable business. He has over 30 years of experience in a manufacturing and diversified business environment. He is the brother of the Executive Chairman, Dato' Seri H'ng Bok San and the Chief Executive Officer/Managing Director, Dato' Kenneth H'ng Bak Tee. His niece, Datin H'ng Hsieh Ling is also a Director of the Company. He is deemed to have an interest pertaining to the Proposed New Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature, which will be tabled at the forthcoming Extraordinary General Meeting to be held on the same day of the Company's 47th Annual General Meeting.

Dato' H'ng Bak Seah attended all of the 4 Board meetings which were held in the financial year ended 31 December 2010.

Datin H'ng Hsieh Ling

Non-Executive Director

Age 45, Malaysian

Datin H'ng Hsieh Ling was appointed to the Board on 20 February 2001 as a Non-Executive Director. She is a member of Audit Committee of the Board. She serves as an Alternate Director in Leader Universal Holdings Berhad and is a director of several other private limited companies. She graduated from USA with a Bachelor of Science in Accounting and obtained her Master of Science Degree majoring in Taxation. She gained extensive knowledge and experience in business management by holding major key positions in multinational companies prior to joining Leader Universal Holdings Berhad. Datin H'ng is the daughter of the Executive Chairman, Dato' Seri H'ng Bok San. Her uncles, Dato' H'ng Bak Seah and Dato' Kenneth H'ng Bak Tee, are also the Directors of the Company. She is deemed to have an interest pertaining to the Proposed New Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature, which will be tabled at the forthcoming Extraordinary General Meeting to be held on the same day of the Company's 47th Annual General Meeting.

Datin H'ng Hsieh Ling attended 3 out of the 4 Board meetings which were held in the financial year ended 31 December 2010.





Mr. Chew Hock Lin

Independent Non-Executive Director

Age 67, Malaysian

Mr. Chew Hock Lin was appointed to the Board on 20 February 2001 as an Independent Non-Executive Director. 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 the Company to whom all concerns may be conveyed. Other Malaysian public companies in which he is a director are Hunza Properties Berhad and Master Pack Group Berhad. He graduated from the University of Western Australia with a Bachelor of Commerce Degree and is a member of the Institute of Chartered Accountants in Australia. He is also a member of the Malaysian Institute of Certified Public Accountants and a Fellow of Chartered Tax Institute of Malaysia. Mr. Chew is a member of the Malaysian Institute of Accountants and has spent over 30 years in the accountancy profession. He is a former partner of an international audit firm. Save as aforesaid disclosed, he does not have any family relationship with and is not related to any Director and/or major shareholder of GUH Holdings Berhad nor has any personal interest in any business arrangement involving the Company.

Mr. Chew Hock Lin attended all of the 4 Board meetings which were held in the financial year ended 31 December 2010.



Dato' Ismail Bin Hamzah

Independent Non-Executive Director

Age 64, Malaysian

Dato' Ismail Bin Hamzah was appointed to the Board on 19 December 2001 as an Independent Non-Executive Director. 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 also serves on the board of FCW Holdings Berhad, PDZ Holdings Berhad, Engtex Group Berhad and SCC Holdings Berhad and is 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. He has over 30 years of experience from economics to finance acquired through many key positions held in governmental agencies. Save as aforesaid disclosed, he does not have any family relationship with and is not related to any Director and/or major shareholder of GUH Holdings Berhad nor has any personal interest in any business arrangement involving the Company.

Dato' Ismail Bin Hamzah attended all of the 4 Board meetings which were held in the financial year ended 31 December 2010.



Mr. Lai Chang Hun

Independent Non-Executive Director

Age 73, Malaysian

Mr. Lai Chang Hun was appointed to the Board as an Executive Director on 13 January 1994. He has been the Independent Non-Executive Director since 16 March 2005. He is a member of the Nomination Committee of the Board. His directorship in other public company is Leader Universal Holdings Berhad. He is also a director of several other private limited companies. Mr. Lai started his career in the electrical engineering business and has over 40 years of business experience and knowledge in the manufacturing and marketing of electronics and electrical products and appliances. Mr. Lai was the Chairman of Penang Electrical Merchant Association and is presently holding the position as one of the Trustees in the Association. He is also holding the position as a Director in a number of social societies. He is now an active Director of Penang Han Chiang High School and College. Save as aforesaid disclosed, he does not have any family relationship with and is not related to any Director and/or major shareholder of GUH Holdings Berhad nor has any personal interest in any business arrangement involving the Company.

Mr. Lai Chang Hun attended all of the 4 Board meetings which were held in the financial year ended 31 December 2010.

En. Wan Ismail Bin Wan Nik

Independent Non-Executive Director

Age 64, Malaysian

En. Wan Ismail Bin Wan Nik was appointed to the Board on 26 January 1994 as an Independent Director. He was then appointed as an Executive Director of the Company with effect from 20 February 2001 until his retirement as a Non-Executive Director on 1 January 2006. He has been the Independent Non-Executive Director of the Company since 1 January 2008. En. Wan also sits on the Board of Leader Universal Holdings Berhad. He 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 completed the Institute of Chartered Secretaries and Administrators examinations in June 1970 and Securities Institute of Australia in 1972. He has over 30 years of diversified business experience including commercial banking, investment, property development, manufacturing and trading. Save as aforesaid disclosed, he does not have any family relationship with and is not related to any Director and/or major shareholder of GUH Holdings Berhad nor has any personal interest in any business arrangement involving the Company.

En. Wan Ismail Bin Wan Nik attended all of the 4 Board meetings which were held in the financial year ended 31 December 2010.



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.



On behalf of the Board of Directors of GUH Holdings Berhad, it gives me great pleasure to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2010.

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

Financial Performance

For the financial year ended 31 December 2010, GUH Group registered a lower profit before tax of RM49.9 million (2009: RM53.5 million) despite a 13.4% hike in revenue to RM309.3 million (2009: RM272.8 million).

The results include gain on derecognition of available-for-sale financial assets of RM1.4 million (2009: RM3.9 million) and reversal of allowance for diminution in value of quoted investments amounted to RM7.3 million in 2009. Excluding the gain on derecognition of available-for-sale financial assets and effect of change in market value of quoted investments, the Group's profit before tax improved 14.6% to RM48.5 million (2009: RM42.3 million) driven by outstanding achievement from Electronic Division.

Significant Event

With effect from 5 February 2010, Cemerlang Emas Sdn. Bhd. ceased to be the subsidiary company of the Group following the disposal of all its entire shareholding together with all that piece of land in Daerah Kuala Langat, Selangor.

As part of the ongoing strategic objectives to strengthen its core businesses, the Group continues its corporate restructuring to divest its non-core investment with all inactive, dormant and non-core companies disposed, wound up or struck off. In this respect, Inroad Housing Development Sdn. Bhd. and Leader Moulding Sdn. Bhd. which had been placed under the member's voluntary winding up were dissolved during the year 2010. Two other dormant subsidiaries, namely Mujur Seputeh Sdn. Bhd. and Grand Ocean Development Sdn. Bhd. also commenced with member's voluntary winding up from 28 July 2010

and wound up voluntarily pursuant to Section 272(5) of the Companies Act, 1965.

On 23 February 2010, the Company announced the cancellation of its treasury shares amounting to 22,561,600 ordinary shares of RM1.00 each which had been acquired pursuant to the Share Buy-Back authority given by the shareholders. On 19 May 2010, the Company obtained a new authorization from its shareholders at the Annual General Meeting to purchase or hold any of its own shares as treasury shares not exceeding 10% of its total issued and paid up share capital at the point of purchase. All the necessary announcements were made accordingly pertaining to the Share Buy-Back exercise. Further information on the Share Buy-Back is set out on page 115 of this Annual Report. On 18 February 2011, the Company announced that it proposed to seek renewal of authority for the Company to purchase its own shares at the forthcoming Annual General Meeting. Further information is set out in the Share Buy-Back Statement to shareholders, which is enclosed together with the Company's 2010 Annual Report.

In addition to the corporate restructuring exercise to divest non-core investment, the Group also embarks in the strengthening of its core investment in the Electronic Division through horizontal expansion. Furthermore, the Group also continues to seek opportunities in its other Divisions namely Plantation and Property.

In line with the long term strategy in concessionary projects, the Group also entered into water concessionary sector as announced on 4 January 2011. A new subsidiary company namely GUH International (HK) Private Limited has been incorporated on 29 December 2010 for investment project in the future.

Dividends

GUH is committed to enhance shareholders' returns, GUH announced an interim dividend of 5.5 sen per ordinary share of RM1.00 each less Malaysian tax at 25% in respect of the financial year ended 31 December 2010 which were duly paid on 13 September 2010 to the shareholders whose names appeared in the Record of Depositors of the Company at the close of business on 1 September 2010.

Board Structure and Governance

The Board is always in support of good corporate governance to ensure the number of independent directors consists of at least 1/3 of its membership.

Executive Directors play an important role to look beyond their executive function and accept their full share of responsibilities of governance whilst the Non-Executive Directors receive timely relevant information tailored to their needs and are properly briefed on issues arising at Board meetings. The Board of the Company is structured in the way to ensure a balance of authority so that no single individual has unfettered powers and its ultimate objective is to protect the interests of shareholders and relevant stakeholders whilst enabling the Company to compete in the challenging market environment.

During the year, Mr. Howell Chen Chung resigned as the Alternate Director to Dato' Chung Chin Fu.

The Board through its Nomination Committee annually conducts the evaluation and appraisal to assess the effectiveness of the Board of Directors, each individual Director and the Committees of the Board. The process of evaluation was carried out by all Directors and left anonymous to achieve an honest general consensus. All reports have been gathered and assessed by the Nomination Committee for the Board's review and approval. The assessment and evaluation were documented and recorded accordingly.

Performance evaluation on all Committees of the Board has been reviewed with the recommendation that the membership for all Committees of the Board to remain unchanged.

Outlook for year 2011

With the positive growth of the Malaysian GDP in 2010 and stronger exports particularly in the electronics sector, GUH is optimistic in its business performance in the year 2011.

Certainly GUH is always mindful to create sustainable businesses with long term growth and profit to maximize its shareholders interests as well as to meet the rising expectations of all the other stakeholders in the near future.

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. 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.

Last but not least, I wish to thank my fellow Board members for their invaluable professional advices, guidance and contribution in making the Board more effective and efficient.



Navigating through challenges and competitions, GUH Group continues to remain solid on track with improved operational efficiencies and prudent cost management.

On behalf of the Board of Directors, it is my pleasure to present an overview of the Group's operations and performance for the financial year ended 31 December 2010.

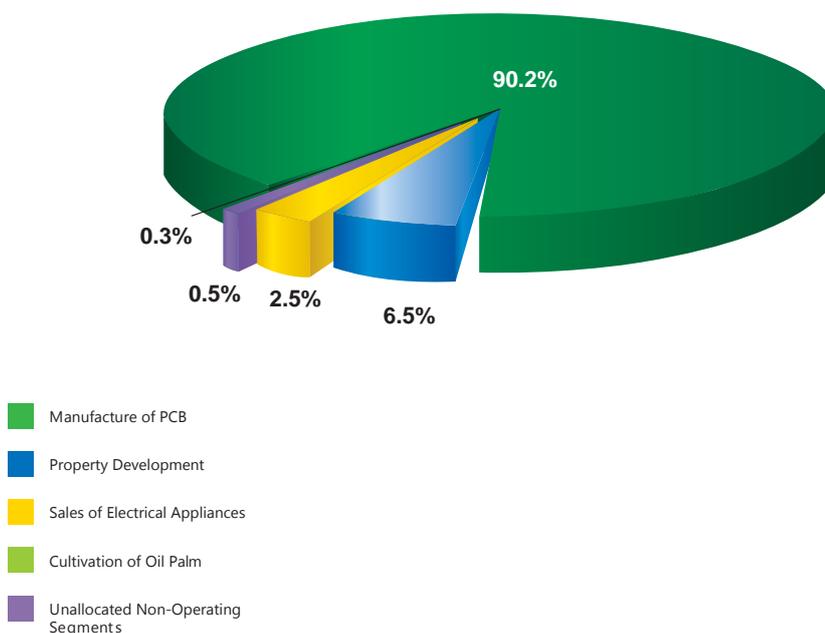
Dato' Kenneth H'ng Bak Tee
 DSPN, PKT, PJM

Financial Overview of the Group

GUH Group's revenue increased by RM36.5 million to RM309.3 million in year 2010 compared to RM272.8 million in year 2009, attributed mainly from its Electronic Division.

The Group's profit before tax decreased by RM3.6 million to RM49.9 million in year 2010 compared to RM53.5 million in year 2009. This is mainly due to lower contribution from the Electrical Division and Associate.

Revenue by Segment



Review of Operations

Electronic Division

In year 2010, GUH witnessed a rapid rebound in market demand for printed circuit boards (“PCBs”). The Electronic Division enjoyed a 15% growth in revenue of RM278.9 million compared to the revenue of RM242.5 million in year 2009.

Improved market demand and operational efficiencies with prudent cost management by both the plants in Suzhou, China and Penang, Malaysia contributed the increase of profit before tax by 34% to RM37.4 million from RM27.9 million in year 2009. The Group’s operation in China contributed 62% of the reported operating profit whereas the Malaysian operation also recorded an impressive performance with revenue of RM134.5 million (Year 2009: RM102.0 million) and profit before tax of RM14.5 million (Year 2009: RM5.8 million).

The performance was not without its challenges. During the 1st half of year 2010, the electronic manufacturers in China encountered labour problems and material shortages. However, the conditions for the 2nd half of year 2010 stabilized and the company’s orders for its PCBs increased substantially; particularly driven by the increased demand in home appliances products such as washing machines, refrigerators and LED backlight devices. On the other hand, single-sided PCBs orders from the AV market such as LCD-TVs and LCD-Monitors were lower than expectations.

On the domestic front, Malaysian operations also recorded 32% of sales increase in year 2010. Growth was steady during the first three quarters of year 2010, followed by slower sales in the last quarter of the year. The Malaysian plant was upgraded to improve production capacity with the first phase upgrading completed in the last quarter of year 2010. It includes a new production building with modern and sophisticated machineries. This is in preparation for the Malaysian plant’s strategic direction to increase the capacity of the double sided PCBs and multi layer PCBs.

Electrical Division

The Electrical Division is involved in the trading of electrical goods and appliances. The products range from switches to wires and other electrical contracting and “DIY” items. Its mainstay is its strength in selling good quality products and operates agency representation in trustworthy brands.

It also expanded into the business of supplying building materials such as roof tiles, wall tiles, floor tiles, sanitary ware, paints and metal frames for doors and windows since year 2008.





Property Division

Another wholly-owned subsidiary of the Group, GUH Properties Sdn. Bhd. is involved in the property development project in Taman Bukit Kepayang of Seremban. It is strategically located adjacent to the Seremban interchange of the North South Highway, the main gateway to Seremban. This location is a prime area and is much sought after as it is straddled between the old Seremban town and the new township of Seremban with many public amenities such as hospitals, schools, recreation club and shopping centres.

For the financial year under review, the Division successfully launched and completed the sale of high end residential products such as 2½ storey bungalows, semi-detached houses and terrace houses, which offers quality homes in trendy life-style living concept in a guarded community. The sales launch received remarkable response from the newly exploited market in other main cities.

In view of considerably market response and demand, a range of diversified products such as 2½ storey bungalows, semi-detached and super-linked houses with lifestyle concept as well as medium cost products with exceptional designs are in the pipeline for sales launch.

With the new TESCO hypermarket, the development land is augmented with commercial activities that introduces distinguishable and iconic commercial hub at the gateway of Taman Bukit Kepayang. Kepayang Commerce Square, its commercial development received favourable sales response since its official sales launch for Parcel 1. There was high sales rate of 85% of the units being booked and sold on the first day of sales launch. The appealing modern contemporary design with vibrantly coloured façade and good quality workmanship has even attracted buyers from various cities including Kuala Lumpur. Due to the encouraging response, second parcel has commenced with construction work and official sales launch anticipated soon.

Plantation Division

For the financial year under review, with a small scale of oil palm plantation operated under the Plantation Division, the company generated an increase of revenue to RM919k (Year 2009: RM462k) and reported a profit before tax of RM159k (Year 2009: (RM198k)).

With approximately 300 acres of 4.5 year-old palms and 72 acres of 17 year-old palms, the Division achieved higher production of fresh fruit bunches ("FFB") of 1,860 MT, representing an increase of 70% compared with the total production of 1,094 MT in 2009.

The Division not only progressed in strengthening the cost control procedures to achieve its maximum efficiency but also improved field conditions for cultivating and harvesting. Optimal harvesting rounds have been maintained to ensure FFB are harvested at its optimum level.

Fertilizer cost remained a major component of the plantation operation cost. Close attention and meticulous monitoring on the application of fertilizer were set in place to help reduce the usage but at the same time not compromising its yield. Consultants' opinion and advice were sought for maximizing the highest yield.

Business Outlook

PCBs will remain the dominant driver for the Group's earnings in year 2011 although GUH foresees that property revenue will likely to increase given its scheduled launches and expected good take-up rate. The recovery in PCBs sales in 2nd half of year 2010 is likely to continue in year 2011 but the Group shall remain cautious over the outlook given the possibility of further increase in raw material prices resulted from the political instability in North Africa and Middle East and the Japan earthquake and tsunami. It was reported in July 2010 by Prismark, a leading electronics industry consulting firm that global PCB production value will expand 7.1% to approximately USD49 billion in 2011. It will be good for the Group as it expects the PCB orders for consumer electronic to sustain in year 2011, more particularly the outlook for double-sided PCBs to be good for the 1st half of year 2011 as most of the existing air conditioner factories are expected to increase their production after the festive season in the 1st quarter. The Division also expects the stabilization on the future orders of LED backlight PCBs.

On a medium term outlook, the growth in global production value is likely to fetch 2% to 4% per annum from years 2012 to 2014 while Asia (exclude Japan) is projected to grow at a higher rate of 4.5% to 7.0% per annum during the same period. Consumer and telecommunications PCBs will continue to dominate the applications of PCBs and LED backlight PCBs market (which are used in many industrial, commercial, automotive and consumer electronic products including LED TVs). Compound Annual Growth Rate is anticipated to reach 32% in years 2009 to 2013 (Source: PCB Partner, February 2010). Riding on this uptrend, the Group will continue to invest in its two PCBs facilities and put more effort in securing more orders from existing and new customer base.

Electrical Division will continue to acquire agency rights of good quality products in order to expand its product range and thus harnessing this synergy in order to expand on its trustworthy customer base.

Property Division has outlined a blueprint with various products to comprehensively enhance the status and value of its development land in Taman Bukit Kepayang. The residential units offer high quality, modern and sophisticated living concept while the Kepayang Commerce Square, its commercial area will be able to fulfill the needs of residents in Taman Bukit Kepayang with various amenities and facilities in the vicinity within easy reach. When fully completed in year 2012, Kepayang Commerce Square is set to become a thriving business centre with bustling business activities to serve the surrounding community.

The Group will continue to look for more property land bank and focusing on its present plantation business though it comprises only 385 acres. The Group will also strive to acquire more oil palm plantation land within the country. On its other business, the Group will also look for greater opportunities for its profitable investment in power generation and water concessionary projects.

Structural Changes

To further streamline GUH corporate structure, two (2) dormant subsidiaries, namely Grand Ocean Development Sdn. Bhd. and Mujur Seputeh Sdn. Bhd. have been dissolved under members' voluntarily winding up. During the year, the Group also completed the internal transfer of 385 acres of oil palm estate registered under the name of its Holding Company to GUH Plantations Sdn. Bhd. This transfer is to rationalize the revenue stream according to various business segments in the Group. Other non-core assets, mainly shop houses and light industrial factories which are either vacant or yielding a minimal rental return have been identified for disposal purposes. Proceeds from the disposal will be used for future investment in areas that generate better return. On 29 December 2010, the Company also incorporated a wholly-owned subsidiary in Hong Kong, known as GUH International (HK) Private Limited to facilitate the Group's future investment in China.

Acknowledgment

I would like to thank our shareholders, customers, business associates, bankers, regulatory and governmental authorities and the Board of Directors for their continued confidence and support to the Management team. I would also like to thank the Management and staff for their ongoing dedication, resourcefulness and commitment. GUH achievements are a result of the concerted effort and contribution of the entire team. May we continue to excel in our performance and achieve greater success for the Group.

For the financial year under review, GUH acted on and implemented numerous actions to fulfill its corporate responsibilities in contributing positively for the benefit of all its stakeholders. GUH's stakeholders encompass the market place, the work place, the environment and the community. As a public listed company with its shares traded on the Exchange, we recognize that good reputation is the key asset and this must be nurtured over the years of being a responsible and caring organization in both the business process as well as in societal responsibilities.

MARKET PLACE

GUH is committed to be a profitable yet caring organization that maximizes the interest of its shareholders, employees, customers and community. Creating a consistent return for the shareholders is one of our key objectives. In year 2010, an interim dividend of 5.5 sen per share of RM1.00 each less 25% income tax had been declared and paid to the shareholders on 13 September 2010. A Share Buy-Back activity was initiated with the aim to provide a long term return potential to the shareholders and to position and support the fundamental value of GUH shares.

To enhance customers' satisfaction, we strive to develop and provide products and services which offer good value in terms of price, quality, safety and environment impact. Our Group's subsidiaries specifically under the Electronic Division have been awarded numerous accreditations and certifications from the relevant parties. One of its subsidiaries under Penang operation, has become one of the largest companies in the industry and is well known for its best quality, delivery, cost saving, management and environment.

GUH also acknowledges the importance of good corporate governance and therefore we pledge and act to adhere to the Malaysian Code on Corporate Governance and ensure the compliance of the Listing Requirements. The GUH Board leads and embraces the philosophy of accountability and transparency of disclosures. Thus internal control and governance are at exemplary levels and Internal Audit Function is structured by Committees made up of Independent and Non-Executive.

In our business, we continue to seek mutually beneficial relationships with our customers, contractors, suppliers and joint ventures. Efforts are continuous to identify new and innovative commercial opportunities to strengthen our market presence.



ENVIRONMENT

In recent years, the world has been experiencing rapid climate change and natural disasters due to continuous environmental destruction by mankind. Conserving the environment is not only a personal issue but a social and worldwide issue. We believe a small initiative put into place, makes a big difference. In protecting the environment, GUH endeavours to minimize the impact by continuously improving its facilities and operations to reduce emissions and discharges. There is legislation in place that focus on occupational health and safety aspects which must be complied by companies and industries. We are proud of our Electronic Division that has attained ISO 9001, ISO 14001 and TS 16949 in respect of the environmental management system and its comprehensive quality standard. In compliance with our strict adherence to the legislation on occupational health and safety we proudly announce that accidents and incidents are rare and almost non-existing in our companies.

We hope to play a lead role by educating our associates, employees, suppliers, customers and consumers that global warming to a large extent is caused by the environmental footprint of industries. Some of GUH initiatives on reducing the Company's environmental footprint include:-

Educate

We continue our initiatives to educate and promote information and alertness to the employees, customers and suppliers on the possible effects of climate change and global warming. We encourage our employees, customers and suppliers to go for paperless correspondence by using emails instead. We spread the 'green' message to everyone around GUH.

Improve Energy Efficiency

Improving energy efficiency not only reduces emission into atmosphere, it is good to improve the Company's bottom line. We always aim to develop and implement energy saving programs to improve cost cutting. Turn off and unplug electrical appliances when not in use is one of the ways to conserve energy.

Reduce, Reuse and Recycle

GUH has been involved in 'green' efforts for years. We encourage our employees to take an active role in recycling during the course of duty. Among our activities are recycling used papers and boxes and a conscientious effort to go paperless. We support that by reducing, reusing and recycling in the office may help in conserving energy and reducing pollution and greenhouse gas emissions which contribute to the Company's efforts on helping in the cause of fighting global warming.

GUH plays an active role in supporting the environmental awareness and 'go green' programs. During the year, the Company continues to sponsor recyclable bags and distribute to all employees, customers and stakeholders with the noble aim to cut down on non-biodegradable plastic bags. Not only that, GUH has made a conscious choice to change along with its 'go green' program by educating all its employees to stop using all types of Styrofoam clamshell packaging which is being outlawed across the local community. To make every employee become more eco-friendly, the Company has given every one of the employees of the Group a set of recyclable food container which is meaningful to promote the protection of natural resources and raise awareness on issues concerning the environment as well as educate and empower communities to conserve and manage the environment responsibly.



COMMUNITY

A cash donation/contribution was handed over by the Group's CEO/Managing Director of GUH, Dato' Kenneth H'ng to Buddhist Tzu-Chi Merits Society Malaysia and the Little Sisters of the Poor in Penang. The cheque presentation took place in conjunction with the Company's treasure hunt activity held on 7 November 2010. Not only cash donations were given, the event also served as a platform for its employees and other enthusiastic staff members and volunteers in giving back to the community. It was a significant moment for many staff members of GUH as they personally extended their assistance and support to the residents at the Little Sisters of the Poor. GUH believes that every little effort by every individual will contribute in making social responsibility come into 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 social responsibility, GUH will continue to look into ways to contributing more towards the community. Employees are also encouraged to participate in providing all kind of charitable assistance to the poor and needy. As part of the motivation we allow employees time off to participate in charitable volunteer efforts such as blood donation campaign.



SUMMARY

Recognizing the rapid changes and challenges we face in this competitive world, GUH pledges to examine what other contributions can be made and how we should address the issues and challenges going forward. There will be contemplation on our future direction on the domains of social contribution and corporate responsibilities in order to excel in sustainability development.

The Malaysian Code on Corporate Governance

The Board of Directors of GUH Holdings Berhad is committed to exercise their power and to act bona fide in the best interest and benefit of all shareholders and the Company as a whole. Of equal importance, the Board of Directors will continue to enhance the practice of good corporate governance within the Group as a key part of the process.

The following statements reflect the Company's compliance with the Malaysian Code on Corporate Governance ("the Code") as required by virtue of Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") to include the manner in which the Board applies the principles and practices of the Code.

The Board supports the objectives of the Code and aims to get out principles and best practices on structures and processes that may use in the operations towards achieving the optimal governance framework.

Board Composition and Balance

The Board of Directors of the Company is responsible for reviewing and adopting strategic plan for the Group, whether Executives or Non-Executives, play an important role in the direction of the Company. The Board comprised the Executive Chairman, Dato' Seri H'ng Bok San, the Non-Executive Deputy Chairman, Dato' Chung Chin Fu, the CEO/Managing Director, Dato' Kenneth H'ng Bak Tee and six (6) other Non-Executive Directors, four (4) of whom are Independent, which is in compliance with Paragraph 15.02 of the Listing Requirements.

The Board is satisfied that there is a balance composition of its Board members to oversee the conduct of the Group's business.

The Executive Directors take on primarily responsibilities for the overall operations and management of the Group. To ensure the need of checks and balances and to promote good corporate governance, the Non-Executive Directors are appointed to exercise their independent

judgment, professionalism, knowledge and constructive challenge, the strategic contribution to the business and monitoring the performance of the business and the executive team.

The roles of the Executive Chairman and the CEO/Managing Director are distinct and separate with their responsibilities clearly defined to ensure a balance of power and authority. The Executive Chairman is 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. The CEO/Managing Director is responsible for the day to day operations of the Group. In addition, his responsibilities include, amongst others, reporting, clarifying and communicating matters relating to the daily operations to the Board and to ensure the business; policies and strategies implemented by the Board are implemented effectively with the assistance from the Management team.

The Independent Non-Executive Directors are of high caliber and possess integrity and extensive experience to provide balanced and independent view to the Board. They are not involved in the day to day management of the Company so that to discharge their duties, free from any business or other relationship, which could materially interfere with the independent judgment and to avoid any conflict of interest possibilities. Their presence is essential to ensure that the interests of other parties, such as the minority shareholders are safeguarded. Mr. Chew Hock Lin has been the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

The other Non-Executive Directors who have extensive experience also bring with them a wide range of essential business and financial experience relevant to the Company. The independence of the Non-Independent Non-Executive Directors is constantly reviewed and benchmarked against the Company's governance requirements.

The qualifications and experience of each of the Directors are set out in the Directors' Profile on page 6 to 10 of this Annual Report.

Board Meetings

The Board of Directors of the Company convened a total of four (4) Board meetings during the financial year ended 31 December 2010. The Board normally meets on a scheduled basis of at least four (4) times a year. When the need arises, special Board meetings will also be convened. The CEO/Managing Director will table and present comprehensive reports, including the Group's financial performance for the Board's consideration, deliberation and direction. The Board is assisted by various Board Committees in the execution of its responsibility. Each Board Committee has its own functions and terms of reference which have been clearly defined by the Board. 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 Chairman of the Audit Committee would normally inform the Directors of any salient matters noted by the Audit Committee at its meetings. The Chairman of the Nomination Committee and the Remuneration Committee would report to the Board matters arising, for the Board's consideration and deliberation. To assist the Board on identification of risks related to current business and any new investments and/or divestment, the Chairman of the Risk Management Committee would normally report to the Board matters arising from the meeting and to recommend or advise on significant proposed changes to risk management policies and strategies. Executive Committee assists the Board to review and discuss any investment/business development project to evaluate the viability of the proposed project and thereafter to report to the Board during the meeting. Other topics such as the financial statements and the results of the Company and its subsidiaries, operating activities, budget, strategic plans and policies are also tabled to the Board for discussion and deliberation. Minutes of each Board meeting are circulated to each Director prior to confirmation of the minutes by the Executive Chairman in the next Board meeting.

Details of the Directors' attendance at meetings during 2010 are summarized as follows:

Directors	Attendance
Dato' Seri H'ng Bok San	4/4
Dato' Chung Chin Fu	4/4
Dato' Kenneth H'ng Bak Tee	4/4
Dato' H'ng Bak Seah	4/4
Datin H'ng Hsieh Ling	3/4
Mr. Chew Hock Lin	4/4
Dato' Ismail Bin Hamzah	4/4
Mr. Lai Chang Hun	4/4
En. Wan Ismail Bin Wan Nik	4/4

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 and other relevant information for discussion and to be dealt with at the Board meetings. The Company Secretaries regularly updates the Board on the changes and amendments to the statutory and regulatory requirements. The Directors would also seek the advice and services of the Company Secretaries, Senior Management staff in the Group and other independent professionals in the discharge of their duties if deemed necessary.

Appointments to the Board

The Board appointed exclusively Independent Non-Executive Directors to the Nomination Committee. The Nomination Committee is primarily empowered by its terms of reference in carrying out the functions amongst 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 Nomination Committee shall meet at least once a year and additional meetings may be requested as and when necessary. During the financial year ended 31 December 2010 under review, the Nomination Committee held a meeting on 29 November 2010 to review the required mix of skills and experience and other qualities of the Directors. The Board through the Nomination Committee implemented a process for assessing the effectiveness and contribution of each individual Director as well as the Board as a whole. The evaluation has been carried out and documented. The Board would seek the advice and services from the Company Secretary to ensure that all appointments, if any, are made and that all necessary information are obtained from Directors, both for the Company's own records and for the purposes of meeting all statutory obligations arising from the Listing Requirements and other regulatory requirements.

Details of the Directors' attendance at meeting of Nomination Committee during 2010 are summarized as follows:

Members	Attendance
Dato' Ismail Bin Hamzah	1/1
Mr. Chew Hock Lin	1/1
Mr. Lai Chang Hun	1/1

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 three (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 and shall then be eligible 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 Annual General Meeting but may offer themselves for re-appointment.

Directors' Remuneration

The remuneration of the Executive Directors of the Company is reviewed by the Remuneration Committee and recommended to the Board for final decision. The members of the Remuneration Committee comprise mainly the Independent Non-Executive Directors. Meeting shall be held at least

once a year and may be requested as and when necessary. 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. 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 Annual General Meeting of the Company. For the financial year ended 31 December 2010, the Director's fee is proposed at RM33,000 per annum per Director.

Details of Directors' attendance at meeting of Remuneration Committee during 2010 are summarized as follows:

Members	Attendance
Dato' Ismail Bin Hamzah	1/1
Mr. Chew Hock Lin	1/1
Dato' Kenneth H'ng Bak Tee	1/1

Details of the Directors' remuneration for the financial year ended 31 December 2010 are categorized into appropriate components as follows:

RM'000	Executive Directors	Non-Executive Directors
Salaries & EPF	1,745	-
Fees	92	273
Bonus	1,199	-
Meeting Allowances	-	46
Ex-Gratia Benefits Receivable	276	-
Benefits In-Kind	28	16
Total	3,340	335

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

	Executive Directors	Non-Executive Directors
RM50,000 and below	-	6
RM50,001 – RM100,000	-	1
RM1,300,001 – RM1,350,000	1	-
RM2,000,001 – RM2,050,000	1	-
Total	2	7

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. The Company continuously identifies relevant seminars and workshops which are beneficial to the Directors for their participation. There were also briefings by the External and Internal Auditors and the Company Secretaries 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 for the purpose to improve their competency and to keep them abreast with the latest developments in regulatory requirements and businesses practices are set out in the following table:

Directors	Courses attended
Dato' Seri H'ng Bok San	<ul style="list-style-type: none"> Boardroom Experience
Dato' Kenneth H'ng Bak Tee	<ul style="list-style-type: none"> Latest Updates on GST and International Financial Reporting Standards (IFRS) Recover Your Debts in Six Months : Winding Up by S218, Restructuring by S176 and Liquidators Common Offences under the Companies Act, 1965 Implementing an Effective System of Internal Audit Update of 2010 New and Revised FRSS, Amendments and IC Interpretations Corporate Directors' Training Programme 2011 Budget Seminar – Highlights & Implications
Dato' H'ng Bak Seah	<ul style="list-style-type: none"> Effective Chairing of Boards and Committees
Datin H'ng Hsieh Ling	<ul style="list-style-type: none"> Boardroom Experience
Mr. Chew Hock Lin	<ul style="list-style-type: none"> New Era of Financial Reporting for Developers Corporate Governance Guide - Towards Boardroom Excellence Malaysian Financial Reporting Standards Update 2010
Dato' Ismail Bin Hamzah	<ul style="list-style-type: none"> The Challenges of Implementing FRS 139 Going forward : Risk & Reform – Implications for Audit Committee Oversight Launch of the CG week and Corporate Governance Roundtable Engagement versus Activism – Achieving the Right Balance? The Changing Landscape of Shareholder Activism – The Roles We Play Steering Capital Market towards Financial Reporting Excellence Corporate Governance Best Practices CG, Professionalism & Accountants : How to enhance the synergy Corporate Integrity Systems Malaysia Beyond Governance, Enter Sustainability Statement on Risk Management and Internal Control Stroking the fire of Corporate Governance Board Role, Directors Duties & Blind Spots, Biases & other Pathologies in the Boardroom Bursa Malaysia Evening Talk on Corporate Governance: Risk Management: Things Can Still Go Wrong Launch of Sustainability Programme for Corporate Malaysia
Mr. Lai Chang Hun	<ul style="list-style-type: none"> Boardroom Experience
En. Wan Ismail Bin Wan Nik	<ul style="list-style-type: none"> Boardroom Experience

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.

The Company conducted several analysts and media briefings to update its business operations and directions and to disseminate the relevant information to the analysts and investors. This is another channel of communication with the investment community for the investors to address issues on the Company's business aspects. The Company also signed up with a research scheme for the purpose of helping investors make better-informed decisions and facilitating greater investors understanding of the Group.

The shareholders and investors are also encouraged to log on to the Group's website at www.guh.com.my for information. In addition, shareholders 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.

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 and the applicable accounting standards in Malaysia. In this respect, the Audit Committee assists the Board to ensure accuracy, adequacy and completeness of the financial statements of the Group.

Director's Responsibility in relation to Financial Statements

The Board acknowledges compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Companies Act, 1965 in preparing the annual financial statements. In

preparing the financial statements, the Directors have selected 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.

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 Directors' Statement on Internal Control is disclosed on pages 27 to 28 of this Annual Report.

Internal Audit Function

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, amongst 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.

The total costs incurred for the Internal Audit Function of the Group for the financial year ended 31 December 2010 was RM199,000.

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.

Non-Audit Fees

The amount of non-audit fees incurred for services rendered to GUH Group by the External Auditors for the financial year under review amounted to RM27,850 only.

Related Party Transactions

The Company has made the necessary announcements to Bursa Malaysia Securities Berhad in respect of related party transactions which had transpired during the financial year ended 31 December 2010.

In addition, the Company recommended the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate") to be tabled to the shareholders at the forthcoming Extraordinary General Meeting to be held at the Auditorium of the Company at 2nd Floor, Plot 1240 & 1241 Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang on Tuesday, 24 May 2011 at 10:30 a.m. or immediately following the conclusion of the Company's Forty-Seventh (47th) Annual General Meeting which will be held at the same venue on the same day at 9:30 a.m. or any adjournment thereof, for the purpose of considering, and if thought fit to pass as Ordinary Resolutions.

Details of the Proposed Mandate are set out in the Circular to Shareholders dated 29 April 2011 which is enclosed together with this Annual Report.

Share Buy-Back

At the last Annual General Meeting of the Company held on 19 May 2010, the Company obtained its shareholders' approval for the Proposed Share Buy-Back. Information in respect of the Share Buy-Back for the financial year ended 31 December 2010 is set out on page 115 of this Annual Report.

Other Information

Save as aforesaid disclosed, none of the following transactions have been entered by the Company during the financial year ended 31 December 2010:-

- 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;
- Issuance or announcement of any profit estimate, forecast or projection;
- Profit guarantee given by the Company; and
- Material contract entered into by the Group, Directors and major shareholders.

This Statement is made in accordance with a resolution of the Board of Directors dated 13 April 2011.

The Company will seek its shareholders' approval for the renewal authority at the forthcoming Annual General Meeting.

Material Contract

The Company has on 30 December 2010 announced the incorporation of a wholly-owned subsidiary company known as GUH International (HK) Private Limited ("GUH HK") in Hong Kong on 29 December 2010. GUH HK is an investment holding company with a paid up share capital of 100 shares (HK\$100). The Company also announced on 4 January 2011 that, GUH HK signed a Preliminary Agreement ("PA") with the Development General Company of Jiangsu Gaochun Economic Development Zone, Jiangsu Province, People's Republic of China in relation to the proposed construction of a new 100 million litres per day ("MLD") water treatment plant ("WTP") and its associated distribution network within the Gaochun Economic Development Zone.

Under the PA, GUH HK will undertake the construction of a 100 MLD WTP on a Build-Operate Transfer (BOT) basis. The investment for the project is estimated at RMB180 million (excludes distribution network) and will be implemented in 2 phases of equal capacity. GUH HK is entrusted to carry out the feasibility studies on the project within a 6 months period commencing from the date of the PA.

Details of the concession agreement including tariff, cost of investment and etc. are subject to negotiation after the completion of the said feasibility studies.

Introduction

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board is required to include in its Annual Report, a statement on the state of internal control of the Group. The Board is pleased to provide the following statement that outlines the nature and scope of internal controls of the Group during the financial year, which has been prepared in accordance with the "Statement on Internal Control: Guidance For Directors of Public Listed Companies" established as a guidance by Bursa Malaysia Securities Berhad.

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 Framework

The Group has an in-house structured risk management framework for an on-going process in identifying, evaluating, monitoring and reporting the significant risks faced by the Group to ensure its system of internal control is carried out efficiently. 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 Non-Independent and two 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. The Board will have ultimate responsibility for managing risks and internal controls associated with the operations of each Division.

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.

Principal Control Features

The key features of the Group's internal control are summarised as follows:-

1. Clear definition of the terms of reference, functions, authorities and responsibilities of the various Committees of the Board.
2. Well defined organisational 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 9001:2000, ISO 14000 & 14001 and TS 16949 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.

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. The Risk Management Framework of the Group is in place to assist in the risk management process of the Group.
11. 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.
12. 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.

Internal Audit Function

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 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 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.

Conclusion

During the current financial year, the Board confirms 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 internal control framework and environment of the Group.

This Statement is made in accordance with a resolution of the Board of Directors dated 13 April 2011. The External Auditors have reviewed this Directors' Statement on Internal Control for inclusion in the Annual Report in the financial year ended 31 December 2010. Based on their review, nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of internal control of the Group.

Terms of Reference

In line with the best practice of Corporate Governance, the Audit Committee of the Company is governed by the following terms of reference which has been established with clearly defined authority and duties.

Constitution

The Audit Committee is appointed by the Board of Directors of the Company comprises three (3) members, all of whom are Non-Executive Directors with a majority of them are Independent. The Chairman is one of the appointed Independent Non-Executive Directors.

- he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- he/she 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
- fulfils such other requirements as prescribed or approved by the Exchange.

Objective

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

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

Retirement and Resignation

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

Quorum

A quorum shall consist of a majority of the Independent Directors.

Attendance of meetings

The Audit Committee members, the Management including the CEO/Managing Director and the Senior Manager of Finance and Accounts and the Internal Auditor shall normally attend meetings. The External Auditors are also invited to attend the meetings. The Executive Directors and/or other appropriate officers may be invited to attend and brief the Audit Committee on issues that are incorporated into the Agenda. Where circumstances arise, the Audit Committee members may convene meetings with External Auditors, Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, at least twice a year.

Composition of Audit Committee

The Audit Committee shall be appointed from amongst the Directors of the Company and alternate director must not be appointed as a member of the Audit Committee. In compliance with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, at least one (1) member must be a member of Malaysian Institute of Accountants ("MIA"); or if he is not a member of MIA, he must have at least three (3) years of working experience and:

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 members prior to meeting. The Secretary shall also be responsible to record, maintain and circulate the minutes of the meetings of the Audit Committee to its members and to the other members of the Board.

Frequency of meetings

The Audit Committee will meet as frequently as the Chairman shall decide in order to discharge its duties but no less than four (4) times a year. The External Auditors may request a meeting if they consider and deem necessary. The External Auditors attended two (2) of the meetings during the financial year ended 31 December 2010.

The Audit Committee convened five (5) meetings during the financial year ended 31 December 2010 and the details of attendance of each member are summarized as follows:

Members	Attendance
Mr. Chew Hock Lin	5/5
Dato' Ismail Bin Hamzah	5/5
Datin H'ng Hsieh Ling	3/5

Authority

The Audit Committee is authorized by the Board to investigate any activity within its Terms of Reference. It is authorized to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Audit Committee.

The Audit Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

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 ensure the Audit Committee and members carried out the duties in accordance with the Terms of Reference.

For the financial year ended 31 December 2010 under review, 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 all the Audit Committee members are competent to carry out the duties in accordance with the Terms of Reference.

Functions and Responsibilities of the Audit Committee

The primary objective of the Committee is to provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities and to ensure that the corporate governance, internal control, proper accounting and financial reporting systems of the Group are adequately managed.

In fulfilling its primary objective, the Audit Committee undertakes the following duties and responsibilities:

1. To consider the appointment of the External Auditors, the audit fee, and any questions of resignation or dismissal and where applicable;
2. To consider whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment and to recommend the nomination of a person as External Auditor;
3. To review the management letter and Management's response of the External Auditors;
4. To discuss with the External Auditors on the following and report the same to the Board:
 - (i) before the audit commences the nature and scope of the audit, and to ensure coordination where more than one audit firm is involved;
 - (ii) the audit report, audit plan and their evaluation of the system of internal control; and
 - (iii) the assistance given by the employees to the External Auditors.
5. To review the quarterly results and year end financial statements of the Company, prior to the approval by the Board of Directors, focusing particularly on:
 - (i) the going concern assumption;
 - (ii) changes in or implementation of major accounting policy;
 - (iii) significant and unusual events; and
 - (iv) compliance with accounting standards and other legal requirements.

6. To carry out the following in relation to the Internal Audit Function:
 - (i) to review the adequacy of the competency of the scope, functions and resources of the Internal Audit Functions and that it has the necessary authority to carry out its work;
 - (ii) to review the Internal Audit programme, processes, the results of internal audit or investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit Function;
 - (iii) to review any appraisal or assessment of the performance of member(s) of the Internal Audit Function;
 - (iv) to approve any appointment or termination of member(s) of the Internal Audit Function; and
 - (v) to take cognizance of resignation of Internal Audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resigning.
7. To consider any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
8. To carry out the verification of options to the eligible employees pursuant to the Company's Employee Share Option Scheme at the end of each year for disclosure in the Annual Report of the Company (if any); and
9. To carry out any other functions as may be agreed to by the Audit Committee and the Board of Directors.

FINANCIAL HIGHLIGHTS

Five-Year Group Financial Summary

Year ended 31 December (RM'000)	2006	2007	2008	2009	2010
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Key Consolidated Income Statement Data

Revenue	274,252	298,137	292,710	272,769	309,272
Profit before tax	21,533	35,451	32,036	53,471	49,898
Profit after tax	20,577	30,431	24,681	50,382	43,772
Weighted average number of ordinary shares in issue ('000)	250,702	245,205	229,542	215,862	201,864
Basic earnings per share (sen)	8.21	12.41	10.75	23.34	21.68
Gross dividend per share (sen)	1.50	2.50	3.00	4.00	5.50

Key Consolidated Statement of Financial Position Data

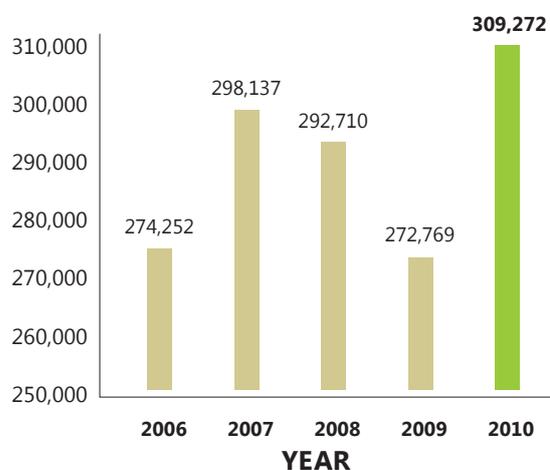
No. of outstanding shares in issue after excluding the treasury shares ('000)	250,702	234,528	225,632	203,070	198,321
Shareholders' equity *	305,371	317,997	337,817	369,212	389,892
Total assets employed *	405,650	422,824	420,399	458,614	457,364
Total net assets *	305,371	317,997	337,817	369,212	389,892
Net assets per share (RM) *	1.22	1.36	1.50	1.82	1.97

Financial Ratios

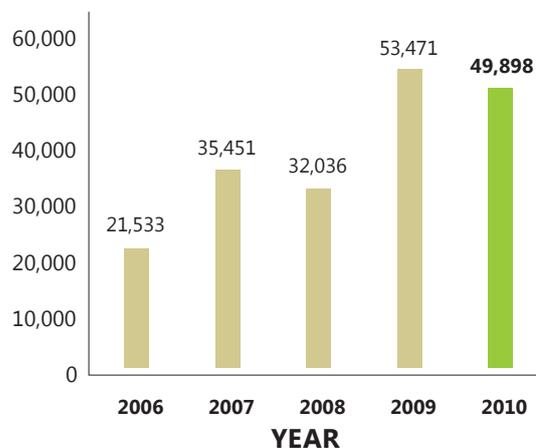
Return on assets (%) *	5.07	7.20	5.87	10.99	9.57
Return on shareholders' equity (%) *	6.74	9.57	7.31	13.65	11.23
Gearing ratio (%) *	7.97	7.23	9.41	5.45	0.34
Current ratio (times)	1.96	1.97	2.69	2.75	3.63

* The comparative figures for FY2009 have been restated to reflect the effects of adopting amendments to FRS 117 "Leases" in FY2010.

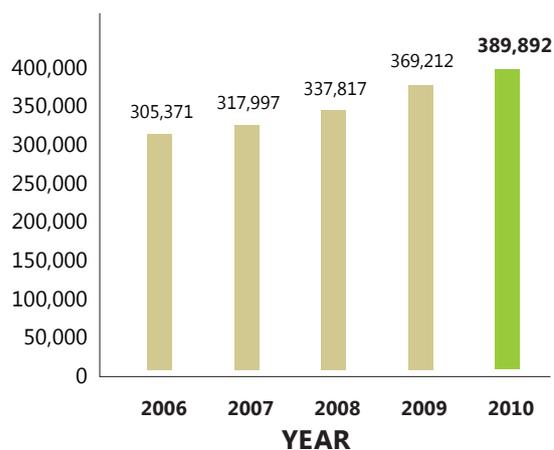
REVENUE (RM'000)



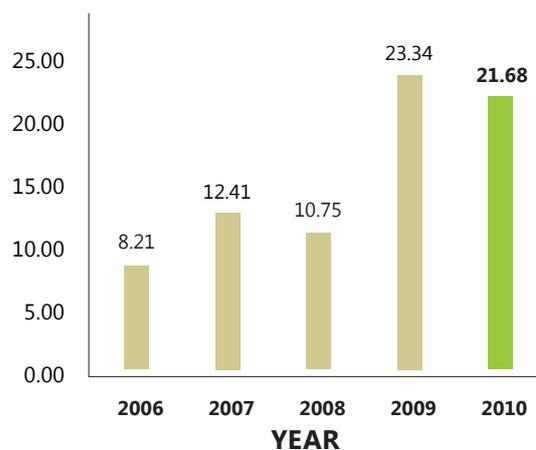
PROFIT BEFORE TAX (RM'000)



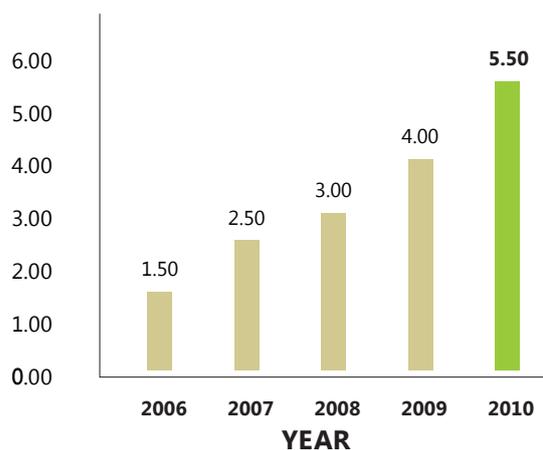
SHAREHOLDERS' EQUITY



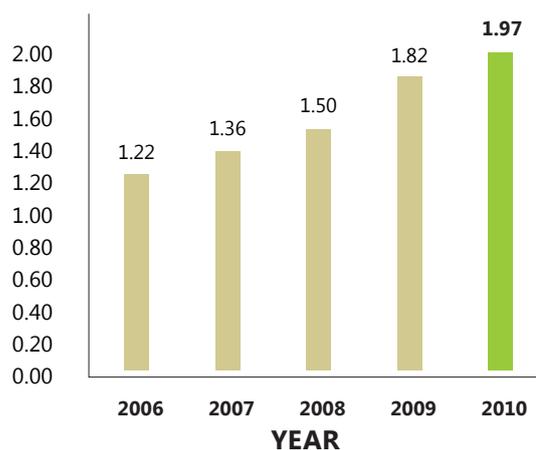
BASIC EARNINGS PER SHARE (SEN)



GROSS DIVIDEND PER SHARE (SEN)



NET ASSETS PER SHARE (RM)



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GUH HOLDINGS BERHAD

(Incorporated in Malaysia)

Company No.: 4104-W

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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FINANCIAL REPORT

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113	Supplementary Information – Realised and Unrealised Profits or Losses

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2010.

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 6 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	<u>43,772</u>	<u>16,027</u>

DIVIDENDS

During the financial year, the Company declared and paid an interim dividend of 5.5 sen per share (less tax at 25%) amounting to RM8,358,439 in respect of the financial year ended 31 December 2010.

The directors do not propose any final dividend in respect of the financial year ended 31 December 2010.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES OR DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

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:-

	2010		2009	
	No. of Shares '000	Cost RM'000	No. of Shares '000	Cost RM'000
At 1 January	22,562	20,425	25,070	18,844
Shares cancelled	(22,562)	(20,425)	(25,070)	(18,844)
Shares purchased	4,749	5,660	22,562	20,425
At 31 December	<u>4,749</u>	<u>5,660</u>	<u>22,562</u>	<u>20,425</u>
Average unit cost for the year (RM)		<u>1.192</u>		<u>0.905</u>

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

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

Except for any effects arising from the changes in accounting policies following the adoption of the amended/revised/new Financial Reporting Standards as disclosed in Note 2.2 to the financial statements, the results of the operations of the Group and the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

DIRECTORS OF THE COMPANY

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

Dato' Seri H'ng Bok San, DGPN, DSPN, PKT, PJK, JP
 Dato' Chung Chin Fu, DSPN, DJN
 Dato' Kenneth H'ng Bak Tee, DSPN, PKT, PJM
 Dato' H'ng Bak Seah, DSPN, PJK
 Datin H'ng Hsieh Ling
 Chew Hock Lin
 Dato' Ismail Bin Hamzah, AMN, KMN, DMIP
 Lai Chang Hun, PKT
 Wan Ismail Bin Wan Nik
 Howell Chen Chung (resigned as alternate director to Dato' Chung Chin Fu, DSPN, DJN on 16.8.2010)

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 1.1.2010	Bought	Sold	At 31.12.2010
Dato' Seri H'ng Bok San, DGPN, DSPN, PKT, PJK, JP				
- Indirect*	19,508,617	900,000	0	20,408,617
- Indirect**	12,243,000	0	0	12,243,000
Dato' Chung Chin Fu, DSPN, DJN				
- Direct	3,596,600	20,000	(20,000)	3,596,600
- Indirect**	2,733,000	0	0	2,733,000
- Indirect***	14,221,286	0	0	14,221,286
Dato' Kenneth H'ng Bak Tee, DSPN, PKT, PJM				
- Indirect**	945,400	912,200	0	1,857,600
Dato' H'ng Bak Seah, DSPN, PJK				
- Direct	1,707,952	0	0	1,707,952
Datin H'ng Hsieh Ling				
- Direct	1,509,000	0	0	1,509,000
- Indirect***	19,508,617	900,000	0	20,408,617
Chew Hock Lin				
- Direct	15,000	0	(15,000)	0
Lai Chang Hun, PKT				
- Direct	1,825,288	0	0	1,825,288
- Indirect**	1,850,024	0	(388,000)	1,462,024
- Indirect***	2,359,563	50,000	(100,000)	2,309,563
Wan Ismail Bin Wan Nik				
- Direct	3,735,635	0	0	3,735,635

DIRECTORS OF THE COMPANY (cont'd)

- * *Deemed interest by virtue of shares held by company controlled by family members*
- ** *Deemed interest by virtue of shares held by family members (who are not directors of the Company)*
- *** *Deemed interest by virtue of shares held by company in which the director has interest*

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 27 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 13 APRIL 2011**

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

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

We, Dato' Seri H'ng Bok San, DGP, 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 47 to 112 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 113 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 13 APRIL 2011**

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

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

STATUTORY DECLARATION

I, Yeoh Saw Gaik, being the officer primarily responsible for the financial management of GUH Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 47 to 112 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 13 April 2011

Yeoh Saw Gaik

Before me
Tan Cheng Kuan
Commissioner for Oaths (No. A-P068)

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 2010 of the Group and the Company, and the income statements, 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 47 to 112.

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 Companies Act 1965 in Malaysia, and 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 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

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 the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements. We have also considered the unaudited financial statements of GUH International (HK) Private Limited.
- (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 or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out on page 113 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

Date: 13 April 2011

Penang

Eddy Chan Wai Hun
Approval No: 2182/10/11 (J)
Chartered Accountant

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	31.12.2010 RM'000	31.12.2009 RM'000 (Restated)	1.1.2009 RM'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	4	129,747	127,875	126,467
Investment property	5	6,470	8,970	8,271
Investment in associate	7	23,137	26,131	23,968
Available-for-sale financial assets	8	27,591	16,812	9,796
Investments in club memberships	9	259	276	279
Property development costs	10	41,578	44,844	45,517
Deferred tax assets	11	459	6	0
		<u>229,241</u>	<u>224,914</u>	<u>214,298</u>
CURRENT ASSETS				
Property development costs	10	13,459	8,967	8,678
Accrued billings	10	9,463	2,965	2,330
Assets held for sale	12	3,302	14,000	14,000
Inventories	13	38,107	26,274	30,322
Trade and other receivables	14	75,754	59,372	54,337
Prepayments		1,174	653	773
Current tax assets		2,015	1,494	1,519
Cash and cash equivalents	15	84,849	119,975	94,142
		<u>228,123</u>	<u>233,700</u>	<u>206,101</u>
CURRENT LIABILITIES				
Trade and other payables	16	59,751	54,343	45,299
Loans and borrowings - secured	17	1,326	20,135	29,254
Financial liabilities at fair value through profit or loss	18	30	0	0
Current tax liabilities		1,738	984	2,012
Other liabilities	19	0	9,550	0
		<u>62,845</u>	<u>85,012</u>	<u>76,565</u>
NET CURRENT ASSETS		165,278	148,688	129,536
NON-CURRENT LIABILITIES				
Deferred tax liabilities	11	4,627	4,390	3,479
Loans and borrowings - secured	17	0	0	2,538
		<u>4,627</u>	<u>4,390</u>	<u>6,017</u>
NET ASSETS		<u>389,892</u>	<u>369,212</u>	<u>337,817</u>
EQUITY				
Share capital	20	203,070	225,632	250,702
Treasury shares	20	(5,660)	(20,425)	(18,844)
Reserves		192,482	164,005	105,959
TOTAL EQUITY		<u>389,892</u>	<u>369,212</u>	<u>337,817</u>

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

CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	2010 RM'000	2009 RM'000
Revenue	21	309,272	272,769
Cost of sales		(259,267)	(222,749)
Gross profit		<u>50,005</u>	<u>50,020</u>
Other operating income		11,115	13,919
Administrative expenses		(9,821)	(9,962)
Distribution expenses		(5,321)	(4,606)
Other operating expenses		(2,479)	(2,135)
Profit from operations		<u>43,499</u>	<u>47,236</u>
Finance costs		(233)	(1,399)
Share of profit of associate		6,632	7,634
Profit before tax	22	<u>49,898</u>	<u>53,471</u>
Tax expense	25	(6,126)	(3,089)
Profit for the financial year		<u>43,772</u>	<u>50,382</u>
Earnings per share:-	26		
- Basic (sen)		<u>21.68</u>	<u>23.34</u>
- Diluted (sen)		<u>21.68</u>	<u>23.34</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	2010 RM'000	2009 RM'000 (Restated)
Profit for the financial year	43,772	50,382
Other comprehensive income:-		
Revaluation increase of property, plant and equipment:-		
- Gross revaluation increase	0	9,648
- Deferred tax effects thereof	0	(2,545)
Gain on available-for-sale financial assets	2,635	0
Reclassification adjustments on derecognition of available-for-sale financial assets	(1,356)	0
Currency translation differences for foreign operations	(10,368)	297
Share of other comprehensive income of associate	0	203
Other comprehensive income for the financial year	(9,089)	7,603
Total comprehensive income for the financial year	<u>34,683</u>	<u>57,985</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Share capital RM'000	Treasury shares RM'000	Non-distributable				Distributable*		Total equity 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		
At 1 January 2009	250,702	(18,844)	0	7,173	0	4,563	94,223	337,817	
Cancellation of treasury shares	(25,070)	18,844	25,070	0	0	0	(18,844)	0	
Purchase of own shares	0	(20,425)	0	0	0	0	0	(20,425)	
Interim dividend of 4 sen per share (less tax at 25%)	0	0	0	0	0	0	(6,165)	(6,165)	
Total comprehensive income for the financial year	0	0	0	7,306	0	297	50,382	57,985	
At 31 December 2009	<u>225,632</u>	<u>(20,425)</u>	<u>25,070</u>	<u>14,479</u>	<u>0</u>	<u>4,860</u>	<u>119,596</u>	<u>369,212</u>	

* Retained profits as at 31 December 2009 amounting to RM20,425,000, being the total cost of the treasury shares purchased, 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 2010**

	Share capital RM'000	Treasury shares RM'000	Non-distributable				Distributable*		Total equity 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		
At 1 January 2010	225,632	(20,425)	25,070	9,886	0	4,860	119,596	364,619	
- As previously reported	0	0	0	4,593	0	0	0	4,593	
- Effects of adopting amendments to FRS 117	225,632	(20,425)	25,070	14,479	0	4,860	119,596	369,212	
- As restated	0	0	0	0	0	0	15	15	
- Effects of adopting FRS 139	225,632	(20,425)	25,070	14,479	0	4,860	119,611	369,227	
- As adjusted	(22,562)	20,425	22,562	0	0	0	(20,425)	0	
Cancellation of treasury shares	0	(5,660)	0	0	0	0	0	(5,660)	
Purchase of own shares	0	0	0	0	0	0	0	0	
Interim dividend of 5.5 sen per share (less tax at 25%)	0	0	0	0	0	0	(8,358)	(8,358)	
Transfer of revaluation increase upon disposal of revalued land	0	0	0	(1,752)	0	0	1,752	0	
Total comprehensive income for the financial year	0	0	0	0	1,279	(10,368)	43,772	34,683	
At 31 December 2010	203,070	(5,660)	47,632	12,727	1,279	(5,508)	136,352	389,892	

* Retained profits as at 31 December 2010 amounting to RM5,660,000, being the total cost of the treasury shares purchased, 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 2010

	Note	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		49,898	53,471
Adjustments for:-			
Allowance for slow moving inventories		208	1,176
Bad debts written off		0	241
Depreciation		11,906	12,832
Dividend income		(427)	(806)
Gain on derecognition of available-for-sale financial assets		(1,356)	(3,942)
Gain on disposal of property, plant and equipment		(48)	(707)
Gain on disposal of subsidiary		(5)	0
Gain on fair value adjustment of investment property		(101)	(699)
Impairment loss on property, plant and equipment		0	265
Interest expense		233	1,399
Interest income		(1,866)	(1,599)
Inventories written off		0	4
Property, plant and equipment written off		645	116
Revaluation decrease of property, plant and equipment		0	737
Reversal of allowance for diminution in value of investments		0	(7,307)
Reversal of allowance for slow moving inventories		(1,528)	(944)
Reversal of impairment loss on loans and receivables		(7)	(44)
Share of profit of associate		(6,632)	(7,634)
Unrealised loss on financial instruments at fair value through profit or loss		30	0
Unrealised loss on foreign exchange		277	106
Operating profit before working capital changes		<u>51,227</u>	<u>46,665</u>
Changes in:-			
Property development costs		(1,226)	384
Accrued billings		(6,498)	(635)
Inventories		(10,513)	3,812
Receivables and prepayments		(17,123)	(5,103)
Payables		5,520	9,308
Financial instruments at fair value through profit or loss		15	0
Cash generated from operations		<u>21,402</u>	<u>54,431</u>
Interest paid		(254)	(1,432)
Tax paid		(6,024)	(5,592)
Tax refunded		22	82
Net cash from operating activities		<u>15,146</u>	<u>47,489</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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	2010	2009
Note	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	6,713	7,884
Interest received	1,879	1,597
Proceeds from disposal of available-for-sale financial assets	16,163	20,763
Proceeds from disposal of property, plant and equipment	92	726
Proceeds from disposal of subsidiary	4,456	9,550
Purchase of available-for-sale financial assets	(24,307)	(16,530)
Purchase of investment property	(701)	0
Purchase of property, plant and equipment	<u>(18,789)</u>	<u>(6,549)</u>
Net cash (used in)/from investing activities	(14,494)	17,441
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(8,358)	(6,165)
Proceeds from loans and borrowings	3,071	25,746
Purchase of own shares	(5,660)	(20,425)
Repayment of loans and borrowings	<u>(21,839)</u>	<u>(37,370)</u>
Net cash used in financing activities	(32,786)	(38,214)
Currency translation differences	(2,992)	(883)
Net (decrease)/increase in cash and cash equivalents	(35,126)	25,833
Cash and cash equivalents brought forward	119,975	94,142
Cash and cash equivalents carried forward	15 <u>84,849</u>	<u>119,975</u>

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	2010 RM'000	2009 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	620	845
Investments in subsidiaries	6	177,546	201,964
Investment in associate	7	6,046	6,046
Available-for-sale financial assets	8	27,541	16,762
Investments in club memberships	9	8	8
		<u>211,761</u>	<u>225,625</u>
CURRENT ASSETS			
Asset held for sale	12	14,600	14,600
Receivables	14	77,666	74,711
Prepayments		48	0
Current tax assets		807	807
Cash and cash equivalents	15	20,610	32,124
		<u>113,731</u>	<u>122,242</u>
CURRENT LIABILITIES			
Payables	16	2,709	28,372
		<u>2,709</u>	<u>28,372</u>
NET CURRENT ASSETS		111,022	93,870
NET ASSETS		<u>322,783</u>	<u>319,495</u>
EQUITY			
Share capital	20	203,070	225,632
Treasury shares	20	(5,660)	(20,425)
Reserves		125,373	114,288
TOTAL EQUITY		<u>322,783</u>	<u>319,495</u>

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

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	2010 RM'000	2009 RM'000
Revenue	21	19,545	19,994
Cost of services		(5,059)	(4,455)
Gross profit		<u>14,486</u>	<u>15,539</u>
Other operating income		3,513	39,942
Administrative expenses		(1,331)	(1,134)
Other operating expenses		(534)	(3,511)
Profit before tax	22	<u>16,134</u>	<u>50,836</u>
Tax expense	25	(107)	(903)
Profit for the financial year		<u><u>16,027</u></u>	<u><u>49,933</u></u>

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	2010 RM'000	2009 RM'000
Profit for the financial year	16,027	49,933
Other comprehensive income:-		
Revaluation increase of property, plant and equipment	0	2,468
Gain on available-for-sale financial assets	2,635	0
Reclassification adjustments on derecognition of available-for-sale financial assets	(1,356)	0
Other comprehensive income for the financial year	1,279	2,468
Total comprehensive income for the financial year	<u>17,306</u>	<u>52,401</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Non-distributable				Distributable*		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Capital redemption reserve RM'000	Revaluation surplus RM'000	Fair value reserve RM'000	Retained profits RM'000	
At 1 January 2009	250,702	(18,844)	0	0	0	61,826	293,684
Cancellation of treasury shares	(25,070)	18,844	25,070	0	0	(18,844)	0
Purchase of own shares	0	(20,425)	0	0	0	0	(20,425)
Interim dividend of 4 sen per share (less tax at 25%)	0	0	0	0	0	(6,165)	(6,165)
Total comprehensive income for the financial year	0	0	0	2,468	0	49,933	52,401
At 31 December 2009	225,632	(20,425)	25,070	2,468	0	86,750	319,495
Cancellation of treasury shares	(22,562)	20,425	22,562	0	0	(20,425)	0
Purchase of own shares	0	(5,660)	0	0	0	0	(5,660)
Interim dividend of 5.5 sen per share (less tax at 25%)	0	0	0	0	0	(8,358)	(8,358)
Total comprehensive income for the financial year	0	0	0	0	1,279	16,027	17,306
At 31 December 2010	203,070	(5,660)	47,632	2,468	1,279	73,994	322,783

* Retained profits as at 31 December 2010 amounting to RM5,660,000 (2009 : RM20,425,000), being the total cost of the treasury shares purchased, 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 2010

	Note	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		16,134	50,836
Adjustments for:-			
Depreciation		297	265
Dividend income		(14,820)	(16,174)
Gain on derecognition of available-for-sale financial assets		(1,356)	(3,933)
Gain on disposal of property, plant and equipment		(20)	(177)
Gain on winding up of subsidiaries		(13)	0
Impairment loss on investments in subsidiaries		0	3,127
Interest income		(906)	(638)
Property, plant and equipment written off		2	0
Revaluation decrease of property, plant and equipment		0	(1,132)
Reversal of allowance for diminution in value of investments		0	(7,307)
Reversal of impairment loss on investments in subsidiaries		(2,124)	0
Reversal of impairment loss on loans and receivables		0	(27,393)
Operating loss before working capital changes		<u>(2,806)</u>	<u>(2,526)</u>
Changes in:-			
Receivables and prepayments		(2,493)	10,643
Payables		382	4,035
Net cash (used in)/from operating activities		<u>(4,917)</u>	<u>12,152</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		14,713	15,763
Interest received		906	638
Proceeds from disposal of available-for-sale financial assets		16,163	20,463
Proceeds from disposal of property, plant and equipment		30	177
Purchase of available-for-sale financial assets		(24,307)	(16,530)
Purchase of property, plant and equipment		(84)	(623)
Net cash from investing activities		<u>7,421</u>	<u>19,888</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(8,358)	(6,165)
Purchase of own shares		(5,660)	(20,425)
Net cash used in financing activities		<u>(14,018)</u>	<u>(26,590)</u>
Net (decrease)/increase in cash and cash equivalents		(11,514)	5,450
Cash and cash equivalents brought forward		32,124	26,674
Cash and cash equivalents carried forward	15	<u>20,610</u>	<u>32,124</u>

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

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 6 to the financial statements.

The consolidated financial statements set out on pages 47 to 53 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 54 to 58 together with the notes thereto cover the Company solely.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 13 April 2011.

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 Companies Act 1965 in Malaysia.

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

The following amended/revised/new FRSs became effective for the financial year under review:-

FRS	Effective for financial periods beginning on or after
Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127 <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS	Effective for financial periods beginning on or after
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1 January 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> "	1 January 2010
FRS 4 <i>Insurance Contracts</i>	1 January 2010
FRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8 <i>Operating Segments</i>	1 July 2009
FRS 101 <i>Presentation of Financial Statements</i> (revised in 2009)	1 January 2010
FRS 123 <i>Borrowing Costs</i>	1 January 2010
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11 <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14 <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2010

The adoption of the above amended/revised/new FRSs did not result in any significant changes in the accounting policies of the Group and the Company except as disclosed in Note 2.2.

The Group and the Company have not applied the following amended/revised/new FRSs which have been issued as at the end of the reporting period but are not yet effective:-

FRS	Effective for financial periods beginning on or after
Amendment to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1 January 2011

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS	Effective for financial periods beginning on or after
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1 March 2010
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
Amendments to IC Interpretation 14 <i>Prepayments of a Minimum Funding Requirement</i>	1 July 2011
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2010)</i> "	1 January 2011
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> (revised in 2010)	1 July 2010
FRS 3 <i>Business Combinations</i> (revised in 2010)	1 July 2010
FRS 124 <i>Related Party Disclosures</i> (revised in 2010)	1 January 2012
FRS 127 <i>Consolidated and Separate Financial Statements</i> (revised in 2010)	1 July 2010
IC Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2012
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2011
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011

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

FRS 3 *Business Combinations* (revised in 2010)

FRS 3 (revised in 2010), which supersedes FRS 3 *Business Combinations* (issued in 2005), introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all acquisition-related costs, other than the costs to issue debt or equity securities, shall be recognised in profit or loss as incurred. In accordance with the transitional provisions of FRS 3 (revised in 2010), the Group and the Company will apply the standard prospectively to business combinations for which the acquisition date is on or after the effective date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS 127 Consolidated and Separate Financial Statements (revised in 2010)

FRS 127 (revised in 2010), which supersedes FRS 127 *Consolidated and Separate Financial Statements* (revised in 2005), requires the total comprehensive income of a subsidiary to be 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. The revised standard also requires the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions. In accordance with the transitional provisions of FRS 127 (revised in 2010), the aforementioned amendments will be applied prospectively.

IC Interpretation 15 Agreements for the Construction of Real Estate

IC Interpretation 15, which supersedes FRS 201₂₀₀₄ *Property Development Activities*, addresses how entities shall determine whether an agreement for the construction of real estate is within the scope of FRS 111 *Construction Contracts* or FRS 118 *Revenue* and when revenue from the construction of real estate shall be recognised. Currently, the Group recognises revenue from property development activities using the percentage of completion method (see Note 2.9). Upon adoption of IC Interpretation 15, the Group shall assess whether the sale and purchase agreements are construction service contracts or sale of goods and whether the percentage of completion method is appropriate for some agreements whilst for others, revenue is recognised only at the point the constructed goods are delivered to the customers. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. In particular, management will be considering the extent to which information is available for retrospective application of the interpretation.

2.2 Changes in Accounting Policies

Significant changes in the accounting policies of the Group and the Company following the adoption of the amended/revised/new FRSs are summarised below:-

Amendments to FRS 117 Leases

Included in *Improvements to FRSs (2009)* are amendments to FRS 117 which clarify that the classification of leasehold land as a finance lease or an operating lease shall be based on the extent to which risks and rewards incidental to ownership lie.

Prior to the adoption of the amendments to FRS 117, leasehold land was classified as an operating lease and recognised as prepaid lease payments.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in Accounting Policies (cont'd)

Amendments to FRS 117 Leases (cont'd)

In accordance with the transitional provisions of the amendments, the Group has reassessed the classification on the effective date on the basis of information existing at the inception of the lease. Accordingly, the effects of adopting the amendments have been accounted for retrospectively in accordance with FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* by restating the following comparative figures:-

	As previously reported RM'000	Effects of adopting amendments to FRS 117 RM'000	As restated RM'000
<u>Consolidated Statement of Financial Position (Extract)</u>			
<u>As at 1 January 2009</u>			
Property, plant and equipment	114,836	11,631	126,467
Prepaid lease payments	<u>11,631</u>	<u>(11,631)</u>	<u>0</u>
<u>As at 31 December 2009</u>			
Property, plant and equipment	110,522	17,353	127,875
Prepaid lease payments	11,229	(11,229)	0
Deferred tax assets	349	(343)	6
Deferred tax liabilities	3,202	1,188	4,390
Revaluation surplus	<u>9,886</u>	<u>4,593</u>	<u>14,479</u>
<u>Consolidated Statement of Comprehensive Income (Extract)</u>			
<u>For the financial year ended 31 December 2009</u>			
Other comprehensive income:-			
Revaluation increase of property, plant and equipment:-			
- Gross revaluation increase	3,524	6,124	9,648
- Deferred tax effects thereof	<u>(1,014)</u>	<u>(1,531)</u>	<u>(2,545)</u>

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 sets out the accounting principles for recognising and measuring financial instruments. Some of the key principles established are disclosed in Notes 2.13 and 2.14.

Prior to the adoption of FRS 139 (and the amendments thereto), financial assets and financial liabilities were mainly recorded at cost less, in the case of a financial asset, any allowance for diminution in value or impairment. Derivatives were only recognised in the financial statements on settlement dates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in Accounting Policies (cont'd)

FRS 139 *Financial Instruments: Recognition and Measurement* (cont'd)

In accordance with the transitional provisions of FRS 139, the effects of adopting the standard have been accounted for prospectively by adjusting the following opening balances in the consolidated statement of financial position as at 1 January 2010:-

	As previously reported RM'000	Effects of adopting FRS 139 RM'000	As adjusted RM'000
Financial assets at fair value through profit or loss	0	15	15
Retained profits	<u>119,596</u>	<u>15</u>	<u>119,611</u>

2.3 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

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 purchase method. The results of the subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

The excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date represents goodwill. Goodwill is recognised as an asset at cost less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.11. When the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date exceeds the cost of acquisition, the excess (hereinafter referred to as "negative goodwill"), after reassessment, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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%
Estate improvement	10%

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

2.5 Investment Property

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, other than a subsidiary or a joint venture, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies.

In the consolidated financial statements, investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is initially recognised at cost and the carrying amount is subsequently adjusted to recognise the Group's share of the post-acquisition profit or loss and other comprehensive income of the associate. 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. Where the land has previously been revalued, the revalued amount is retained as its surrogate cost as allowed by the transitional provisions of FRS 201₂₀₀₄ *Property Development Activities*.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Property Development Activities (cont'd)

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. The portion of property development costs for development projects 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. All other property development costs are classified as current assets.

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 Held for Sale

A non-current asset 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 amount of the relevant asset is measured in accordance with applicable FRSs. Upon classification as held for sale, the asset, other than deferred tax assets, financial assets within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* and investment property 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, deferred tax assets, investment property stated at fair value and non-current assets 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 to sell and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation decrease.

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

2.12 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.

2.13 Financial Assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Financial Assets (cont'd)

Recognition and Measurement

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

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

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

(ii) Held-to-maturity investments

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

(iii) Loans and receivables

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Financial Assets (cont'd)

Recognition and Measurement (cont'd)

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

Impairment

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

(i) Financial assets carried at amortised cost

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

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

(ii) Financial assets carried at cost

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Financial Assets (cont'd)

Impairment (cont'd)

(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.

Determination of Fair Values

The fair values of investments in equity instruments are determined by reference to quoted market prices in an active market, if any.

The carrying amounts of receivables and cash and cash equivalents which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

The fair values of forward exchange contracts are estimated by discounting the differences between the contractual forward prices and the current forward prices for the remaining maturity periods of the contracts using a risk-free interest rate.

2.14 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 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 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.

Determination of Fair Values

The carrying amounts of payables and loans and borrowings which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

The fair values of long-term loans and borrowings are estimated by discounting the expected future cash flows using the current market interest rates for similar liabilities.

The fair values of forward exchange contracts are estimated by discounting the differences between the contractual forward prices and the current forward prices for the remaining maturity periods of the contracts using a risk-free interest rate.

The fair values of financial guarantee contracts are estimated based on probability-adjusted discounted cash flow analysis after considering the probability of default by the debtors.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Foreign Currency Transactions and Translation

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 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.

2.17 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.

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.

2.18 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Employee Benefits (cont'd)

Defined Contribution Plans

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

Ex-gratia Benefits

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

2.19 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.

2.20 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, negative 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Income Taxes (cont'd)

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

2.21 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, term deposits (including those pledged as security), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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:-

(i) Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to ownership of the land through a finance lease.

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (cont'd)

Judgements Made in Applying Accounting Policies (cont'd)

(ii) 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 2010, the Group has 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:-

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Management estimates the useful lives to be within 2 to 50 years. Changes in the expected level of usage and technological development will impact on the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised. The carrying amounts of property, plant and equipment are disclosed in Note 4.

(ii) 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 property development costs and accrued billings are disclosed in Note 10.

(iii) Impairment of non-financial assets

When the recoverable amount of a non-financial asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows. The carrying amounts of non-financial assets subject to impairment assessment are disclosed in Notes 4, 9 and 10.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (cont'd)

Sources of Estimation Uncertainty (cont'd)

(iv) 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 13.

(v) 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 14.

(vi) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Group and the Company recognise tax assets/liabilities based on their understanding of the prevailing tax laws and estimates of whether such assets/liabilities will be realised/settled in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts initially recognised, the difference will impact on the tax recognition in the period in which the outcome is determined. The carrying amounts of tax assets/liabilities as at 31 December 2010 are as follows:-

	Group RM'000	Company RM'000
Current tax assets	2,015	807
Current tax liabilities	1,738	0
Deferred tax assets	459	0
Deferred tax liabilities	<u>4,627</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

4. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equip- ment RM'000	Motor vehicles RM'000	Plantation development expenditure and estate improve- ment RM'000	Capital work-in- progress RM'000	Total RM'000
<u>COST/VALUATION</u>							
At 1 January 2009							
- As previously reported	69,031	166,236	7,537	4,704	751	21	248,280
- Effects of adopting amendments to FRS 117	12,987	0	0	0	0	0	12,987
- As restated	82,018	166,236	7,537	4,704	751	21	261,267
Additions	256	2,989	564	850	14	1,876	6,549
Disposals/Write-offs	0	(2,758)	(186)	(965)	0	0	(3,909)
Revaluation	(2,640)	0	0	0	0	0	(2,640)
Currency translation differences	(378)	(651)	(20)	(8)	0	0	(1,057)
At 31 December 2009	79,256	165,816	7,895	4,581	765	1,897	260,210
Representing:-							
Cost	0	165,816	7,895	4,581	765	1,897	180,954
Valuation	79,256	0	0	0	0	0	79,256
	79,256	165,816	7,895	4,581	765	1,897	260,210
At 1 January 2010							
- As previously reported	61,903	165,816	7,895	4,581	765	1,897	242,857
- Effects of adopting amendments to FRS 117	17,353	0	0	0	0	0	17,353
- As restated	79,256	165,816	7,895	4,581	765	1,897	260,210
Additions	573	9,383	238	794	10	7,791	18,789
Disposals/Write-offs	(63)	(4,311)	(549)	(355)	0	0	(5,278)
Reclassifications	4,058	5,606	0	0	0	(9,664)	0
Currency translation differences	(2,417)	(4,567)	(119)	(55)	0	0	(7,158)
At 31 December 2010	81,407	171,927	7,465	4,965	775	24	266,563
Representing:-							
Cost	4,629	171,927	7,465	4,965	775	24	189,785
Valuation	76,778	0	0	0	0	0	76,778
	81,407	171,927	7,465	4,965	775	24	266,563

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

Group

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equip- ment RM'000	Motor vehicles RM'000	Plantation development expenditure and estate improve- ment RM'000	Capital work-in- progress RM'000	Total RM'000
DEPRECIATION AND IMPAIRMENT LOSSES							
At 1 January 2009							
Accumulated depreciation							
- As previously reported	7,799	115,074	5,556	3,588	27	0	132,044
- Effects of adopting amendments to FRS 117	1,356	0	0	0	0	0	1,356
- As restated	9,155	115,074	5,556	3,588	27	0	133,400
Accumulated impairment losses	114	1,092	176	18	0	0	1,400
	9,269	116,166	5,732	3,606	27	0	134,800
Depreciation	2,499	9,335	520	433	45	0	12,832
Impairment loss	265	0	0	0	0	0	265
Disposals/Write-offs	0	(2,351)	(163)	(928)	0	0	(3,442)
Revaluation	(11,551)	0	0	0	0	0	(11,551)
Currency translation differences	(103)	(452)	(11)	(3)	0	0	(569)
At 31 December 2009							
Accumulated depreciation	0	121,844	5,904	3,090	72	0	130,910
Accumulated impairment losses	379	854	174	18	0	0	1,425
	379	122,698	6,078	3,108	72	0	132,335
Depreciation	2,754	8,054	475	577	46	0	11,906
Disposals/Write-offs	(1)	(3,732)	(529)	(327)	0	0	(4,589)
Currency translation differences	(23)	(2,713)	(68)	(32)	0	0	(2,836)
At 31 December 2010							
Accumulated depreciation	2,730	123,453	5,782	3,308	118	0	135,391
Accumulated impairment losses	379	854	174	18	0	0	1,425
	3,109	124,307	5,956	3,326	118	0	136,816
CARRYING AMOUNT							
At 1 January 2009 (Restated)	72,749	50,070	1,805	1,098	724	21	126,467
At 31 December 2009 (Restated)	78,877	43,118	1,817	1,473	693	1,897	127,875
At 31 December 2010	78,298	47,620	1,509	1,639	657	24	129,747

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

The details of land and buildings are as follows:-

Group	Freehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Total RM'000
<u>COST/VALUATION</u>			
At 1 January 2009			
- As previously reported	26,130	42,901	69,031
- Effects of adopting amendments to FRS 117	0	12,987	12,987
- As restated	26,130	55,888	82,018
Additions	0	256	256
Revaluation	4,600	(7,240)	(2,640)
Currency translation differences	0	(378)	(378)
At 31 December 2009	<u>30,730</u>	<u>48,526</u>	<u>79,256</u>
Representing:-			
Cost	0	0	0
Valuation	30,730	48,526	79,256
	<u>30,730</u>	<u>48,526</u>	<u>79,256</u>
At 1 January 2010			
- As previously reported	30,730	31,173	61,903
- Effects of adopting amendments to FRS 117	0	17,353	17,353
- As restated	30,730	48,526	79,256
Additions	0	573	573
Disposals/Write-offs	0	(63)	(63)
Reclassifications	0	4,058	4,058
Currency translation differences	0	(2,417)	(2,417)
At 31 December 2010	<u>30,730</u>	<u>50,677</u>	<u>81,407</u>
Representing:-			
Cost	0	4,629	4,629
Valuation	30,730	46,048	76,778
	<u>30,730</u>	<u>50,677</u>	<u>81,407</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

Group

	Freehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Total RM'000
DEPRECIATION AND IMPAIRMENT LOSSES			
At 1 January 2009			
Accumulated depreciation			
- As previously reported	1,003	6,796	7,799
- Effects of adopting amendments to FRS 117	0	1,356	1,356
- As restated	1,003	8,152	9,155
Accumulated impairment losses	114	0	114
	1,117	8,152	9,269
Depreciation	232	2,267	2,499
Impairment loss	265	0	265
Revaluation	(1,235)	(10,316)	(11,551)
Currency translation differences	0	(103)	(103)
At 31 December 2009			
Accumulated depreciation	0	0	0
Accumulated impairment losses	379	0	379
	379	0	379
Depreciation	345	2,409	2,754
Disposals/Write-offs	0	(1)	(1)
Currency translation differences	0	(23)	(23)
At 31 December 2010			
Accumulated depreciation	345	2,385	2,730
Accumulated impairment losses	379	0	379
	724	2,385	3,109
CARRYING AMOUNT			
At 1 January 2009 (Restated)	25,013	47,736	72,749
At 31 December 2009 (Restated)	30,351	48,526	78,877
At 31 December 2010	30,006	48,292	78,298

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

The land and buildings were revalued on 31 December 2009 based on the market values given by independent professional valuers using the comparison method. Had the land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts that would have been recognised in the financial statements are as follows:-

	Group	
	2010 RM'000	2009 RM'000
Freehold land and buildings	26,801	27,087
Short-term leasehold land and buildings	41,415	40,795
	68,216	67,882

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:-

	Group	
	2010 RM'000	2009 RM'000
Short-term leasehold land and buildings	0	31,456
Plant and machinery	0	11,173
Motor vehicles	0	38
	0	42,667

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

Company

	Freehold land (at valuation) RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<u>COST</u>				
At 1 January 2009	11,000	137	2,045	13,182
Additions	0	12	611	623
Disposals/Write-offs	0	(3)	(596)	(599)
Revaluation	3,600	0	0	3,600
Reclassification to asset held for sale	(14,600)	0	0	(14,600)
At 31 December 2009	0	146	2,060	2,206
Additions	0	24	60	84
Disposals/Write-offs	0	(4)	(98)	(102)
At 31 December 2010	0	166	2,022	2,188
<u>ACCUMULATED DEPRECIATION</u>				
At 1 January 2009	0	72	1,623	1,695
Depreciation	0	23	242	265
Disposals/Write-offs	0	(3)	(596)	(599)
At 31 December 2009	0	92	1,269	1,361
Depreciation	0	21	276	297
Disposals/Write-offs	0	(2)	(88)	(90)
At 31 December 2010	0	111	1,457	1,568
<u>CARRYING AMOUNT</u>				
At 1 January 2009	11,000	65	422	11,487
At 31 December 2009	0	54	791	845
At 31 December 2010	0	55	565	620

5. INVESTMENT PROPERTY

Group

<u>FAIR VALUE</u>	Freehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	Total RM'000
At 1 January 2009	6,901	1,370	8,271
Fair value adjustments	509	190	699
At 31 December 2009	<u>7,410</u>	<u>1,560</u>	<u>8,970</u>
Additions resulting from acquisitions	701	0	701
Fair value adjustments	41	60	101
Reclassifications to assets held for sale	<u>(2,102)</u>	<u>(1,200)</u>	<u>(3,302)</u>
At 31 December 2010	<u>6,050</u>	<u>420</u>	<u>6,470</u>

The fair values of investment property were determined based on the market values given by independent professional valuers using the comparison method.

6. INVESTMENTS IN SUBSIDIARIES

Company

	2010 RM'000	2009 RM'000
Unquoted shares - at cost	216,476	275,115
Impairment losses	<u>(38,930)</u>	<u>(73,151)</u>
	<u>177,546</u>	<u>201,964</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Ownership Interest		Principal Activity
		2010	2009	
Grand Ocean Development Sdn. Bhd.*	Malaysia	100%	100%	Dormant
GUH Electrical Holdings Sdn. Bhd.	Malaysia	100%	100%	Investment holding
GUH Electronic Holdings Sdn. Bhd.	Malaysia	100%	100%	Investment holding
GUH Properties Sdn. Bhd.	Malaysia	100%	100%	Property development
Mujur Seputeh Sdn. Bhd.*	Malaysia	100%	100%	Dormant
GUH Plantations Sdn. Bhd.	Malaysia	100%	100%	Cultivation of oil palm

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Country of Incorporation	Effective Ownership Interest		Principal Activity
		2010	2009	
GUH International (HK) Private Limited**	Hong Kong	100%	N/A	Investment holding
<u>Subsidiary of Grand Ocean Development Sdn. Bhd.</u>				
Inroad Housing Development Sdn. Bhd.***	Malaysia	0%	100%	Dormant
<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
Leader Moulding Sdn. Bhd.***	Malaysia	0%	100%	Dormant
Malaysian Mechanical Engineering Industries Sdn. Bhd.	Malaysia	100%	100%	Dormant
Tecnovac Marketing Sdn. Bhd.	Malaysia	100%	100%	Dormant
<u>Subsidiary of GUH Realty Sdn. Bhd.</u>				
Jeladan Sdn. Bhd.	Malaysia	100%	100%	Dormant
<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%	Rendering of agency services
Grand Circuit Industry (Philippines) Inc.****	Philippines	100%	100%	Dormant

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Country of Incorporation	Effective Ownership Interest		Principal Activity
		2010	2009	
<u>Subsidiary of Mujur Seputeh Sdn. Bhd.</u>				
Cemerlang Emas Sdn. Bhd.*****	Malaysia	0%	100%	Dormant
* <i>In the process of members' voluntary winding up</i>				
** <i>Not required to be audited, and consolidated using unaudited financial statements</i>				
*** <i>Wound up in 2010</i>				
**** <i>Not audited by Crowe Horwath</i>				
***** <i>Disposed of in 2010</i>				

7. INVESTMENT IN ASSOCIATE

	Group	
	2010 RM'000	2009 RM'000
Share of net assets	23,137	26,131
	Company	
	2010 RM'000	2009 RM'000
Unquoted shares - at cost	6,046	6,046

The details of the associate are as follows:-

Name of Associate	Country of Incorporation	Effective Ownership Interest	
		2010	2009
Cambodia Utilities Pte. Ltd.	Cambodia	20%	20%

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

	2010 RM'000	2009 RM'000
Total assets	133,152	157,481
Total liabilities	17,471	26,826
Revenue	111,590	127,232
Profit for the financial year	33,164	32,198

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Shares quoted in Malaysia:-				
- At cost less impairment losses	0	16,762	0	16,762
- At fair value	27,541	0	27,541	0
Unquoted shares:-				
- At cost less impairment losses	50	50	0	0
	<u>27,591</u>	<u>16,812</u>	<u>27,541</u>	<u>16,762</u>
Market value of quoted shares	<u>27,541</u>	<u>16,762</u>	<u>27,541</u>	<u>16,762</u>

The fair values of unquoted investments cannot be measured reliably due to the lack of comparable quoted market prices and the expected significant variability in the range of reasonable fair value estimates.

9. INVESTMENTS IN CLUB MEMBERSHIPS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cost	344	361	78	78
Impairment losses	(85)	(85)	(70)	(70)
	<u>259</u>	<u>276</u>	<u>8</u>	<u>8</u>

10. PROPERTY DEVELOPMENT ACTIVITIES

Group

Property Development Costs

	2010 RM'000	2009 RM'000
At 1 January		
- Freehold land	33,604	34,201
- Development costs	<u>32,878</u>	<u>27,299</u>
	66,482	61,500
Development costs incurred during the year	14,488	11,756
Reversal of completed project		
- Freehold land	(1,536)	(597)
- Development costs	(17,539)	(6,177)
	(19,075)	(6,774)
Costs recognised in profit or loss		
- Prior year	(12,671)	(7,305)
- Current year	(11,415)	(12,140)
- Adjustment to completed project	17,228	6,774
	<u>(6,858)</u>	<u>(12,671)</u>
At 31 December	<u>55,037</u>	<u>53,811</u>
Disclosed as:-		
- Non-current assets	41,578	44,844
- Current assets	<u>13,459</u>	<u>8,967</u>
	<u>55,037</u>	<u>53,811</u>

Accrued Billings

	2010 RM'000	2009 RM'000
Property development revenue recognised in profit or loss	13,481	20,262
Billings to purchasers	<u>(4,018)</u>	<u>(17,297)</u>
	<u>9,463</u>	<u>2,965</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

11. DEFERRED TAX ASSETS/(LIABILITIES)

Group	2010 RM'000	2009 RM'000 (Restated)
At 1 January		
- As previously reported	(2,853)	(3,479)
- Effects of adopting amendments to FRS 117	<u>(1,531)</u>	<u>0</u>
- As restated	(4,384)	(3,479)
Deferred tax (expense)/income relating to origination and reversal of temporary differences recognised in:-		
- Profit or loss	(254)	1,339
- Other comprehensive income	0	(2,545)
Recognition of previously unrecognised deferred tax assets	454	0
Deferred tax liabilities overprovided in prior year	<u>16</u>	<u>301</u>
At 31 December	<u>(4,168)</u>	<u>(4,384)</u>
Disclosed as:-		
- Deferred tax assets	459	6
- Deferred tax liabilities	<u>(4,627)</u>	<u>(4,390)</u>
	<u>(4,168)</u>	<u>(4,384)</u>
In respect of:-		
- Deductible temporary differences of:-		
- Property development costs	464	0
- Inventories	88	108
- Financial instruments	58	39
- Unused capital allowances	308	413
- Unused tax losses	114	114
- Taxable temporary differences of:-		
- Property, plant and equipment	(5,053)	(4,924)
- Investment property	<u>(147)</u>	<u>(134)</u>
	<u>(4,168)</u>	<u>(4,384)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

Save as disclosed above, as at 31 December 2010, 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 RM1,005,000 and RM20,000 (2009 : RM1,001,000 and RM22,000) respectively. No further deferred tax assets have been recognised for the excess of the deductible temporary differences, unused tax allowances and losses over the taxable temporary differences as follows:-

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deductible temporary differences of:-				
- Property, plant and equipment	3	9	0	0
- Property development costs	0	2,176	0	0
- Inventories	1,291	2,296	0	0
- Financial instruments	990	714	983	707
Unused capital allowances	6,676	6,627	570	536
Unused agriculture allowances	434	634	0	0
Unused tax losses	18,966	17,301	5,672	4,053
Taxable temporary differences of property, plant and equipment	<u>(4,020)</u>	<u>(4,002)</u>	<u>(81)</u>	<u>(86)</u>
	<u>24,340</u>	<u>25,755</u>	<u>7,144</u>	<u>5,210</u>

12. ASSETS HELD FOR SALE

Group	Note (i)	Note (ii)	Note (ii)	Total RM'000
	Long-term leasehold land RM'000	Freehold land and buildings RM'000	Short-term leasehold land and buildings RM'000	
At 1 January 2009	14,000	0	0	14,000
Movement during the year	0	0	0	0
At 31 December 2009	<u>14,000</u>	<u>0</u>	<u>0</u>	<u>14,000</u>
Disposal	(14,000)	0	0	(14,000)
Reclassifications from investment property	0	2,102	1,200	3,302
At 31 December 2010	<u>0</u>	<u>2,102</u>	<u>1,200</u>	<u>3,302</u>

- (i) In April 2007, the Group, through Cemerlang Emas Sdn. Bhd., entered into a sale and purchase agreement to sell the leasehold land. Due to the purchaser's non-fulfillment of certain conditions precedent, the sale and purchase agreement was rescinded in May 2009. In June 2009, the Group, through Mujur Seputeh Sdn. Bhd., entered into a share sale agreement to sell the leasehold land by disposing of its entire equity interest in Cemerlang Emas Sdn. Bhd. The disposal was completed in February 2010.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

12. ASSETS HELD FOR SALE (cont'd)

- (ii) During the financial year, the Group, through GUH Realty Sdn. Bhd., committed to a plan to sell the properties and has entered into sale and purchase agreements after the reporting period.

Company

	<i>Note (iii)</i> Freehold land RM'000
At 1 January 2009	0
Reclassification from property, plant and equipment	14,600
At 31 December 2009	14,600
Movement during the year	0
At 31 December 2010	14,600

- (iii) In December 2009, the Company entered into a sale and purchase agreement to sell the freehold land to a subsidiary, GUH Plantations Sdn. Bhd. Pending the registration of transfer, management expects the sale to be completed in 2011.

13. INVENTORIES

Group

	2010 RM'000	2009 RM'000
Raw materials	11,599	10,496
Work-in-progress	5,931	4,381
Finished goods	6,722	4,216
Consumables	2,874	3,193
Goods-in-transit	5,146	0
Completed development units	5,835	3,988
	38,107	26,274

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables:-				
- Related party*	4	3	0	0
- Unrelated parties	68,342	59,355	0	0
- Allowance for impairment	(568)	(885)	0	0
	<u>67,774</u>	<u>58,470</u>	<u>0</u>	<u>0</u>
	67,778	58,473	0	0
Other receivables:-				
- Insurance claims	7,284	0	0	0
- Subsidiaries	0	0	77,638	74,679
- Unrelated parties	692	956	28	32
- Allowance for impairment	0	(57)	0	0
	<u>692</u>	<u>899</u>	<u>28</u>	<u>32</u>
	7,976	899	77,666	74,711
	<u>75,754</u>	<u>59,372</u>	<u>77,666</u>	<u>74,711</u>

* Being a company in which certain directors have substantial financial interests

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	23,491	17,581	77,666	74,711
Renminbi	22,975	18,404	0	0
US Dollar	29,288	23,387	0	0
	<u>75,754</u>	<u>59,372</u>	<u>77,666</u>	<u>74,711</u>

Trade Receivables

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

The movements in allowance for impairment are as follows:-

	Group	
	2010 RM'000	2009 RM'000
At 1 January	885	1055
Impairment loss reversed	(7)	(44)
Impairment loss written off	(292)	(124)
Currency translation differences	(18)	(2)
At 31 December	<u>568</u>	<u>885</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

14. TRADE AND OTHER RECEIVABLES (cont'd)

Trade Receivables (cont'd)

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	
	2010 RM'000	2009 RM'000
Not past due	63,275	55,390
Past due 1 to 30 days	3,870	1,895
Past due 31 to 120 days	598	828
Past due more than 120 days	35	360
	<u>67,778</u>	<u>58,473</u>

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

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2010, there were 2 (2009 : 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 RM21,634,000 (2009 : RM15,392,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2010 RM'000	2009 RM'000
Malaysia	24,519	19,833
China	39,250	34,236
Others	4,009	4,404
	<u>67,778</u>	<u>58,473</u>

Other Receivables

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

14. TRADE AND OTHER RECEIVABLES (cont'd)

Other Receivables (cont'd)

The movements in allowance for impairment are as follows:-

	Group	
	2010 RM'000	2009 RM'000
At 1 January	57	57
Impairment loss written off	(57)	0
At 31 December	0	57

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

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short-term investments	11,799	16,250	8,398	13,916
Term deposits with licensed banks (fixed rate)	57,272	82,531	12,194	17,806
Cash and bank balances	15,778	21,194	18	402
	84,849	119,975	20,610	32,124

Certain term deposits of the Group totalling RM8,224,000 (2009 : RM4,218,000) 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 RM10,295,000 (2009 : RM5,175,000) 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 2010 ranged from 0.01% to 2.85% (2009 : 0.01% to 2.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

15. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	45,681	71,042	20,610	32,124
Renminbi	28,517	24,206	0	0
US Dollar	10,650	24,726	0	0
Others	1	1	0	0
	<u>84,849</u>	<u>119,975</u>	<u>20,610</u>	<u>32,124</u>

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables:-				
- Related party*	72	48	0	0
- Unrelated parties	46,749	40,558	0	0
	<u>46,821</u>	<u>40,606</u>	<u>0</u>	<u>0</u>
Other payables:-				
- Subsidiaries	0	0	0	26,160
- Other related party**	54	0	0	0
- Unrelated parties	12,876	13,737	2,709	2,212
	<u>12,930</u>	<u>13,737</u>	<u>2,709</u>	<u>28,372</u>
	<u>59,751</u>	<u>54,343</u>	<u>2,709</u>	<u>28,372</u>

* Being a company in which certain directors have substantial financial interests

** Being a company in which a close family member of a director has a substantial financial interest

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	16,848	16,669	2,709	28,372
Renminbi	16,403	15,665	0	0
US Dollar	25,294	20,591	0	0
Others	1,206	1,418	0	0
	<u>59,751</u>	<u>54,343</u>	<u>2,709</u>	<u>28,372</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.

16. TRADE AND OTHER PAYABLES (cont'd)

Trade Payables

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

Other Payables

Other payables are unsecured and non-interest bearing. The amounts owing to subsidiaries 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 60 days.

17. LOANS AND BORROWINGS - SECURED

Group

	2010 RM'000	2009 RM'000
Term loans repayable within 1 year:-		
- Fixed rate	1,326	3,076
- Floating rate	0	17,059
	1,326	20,135

Loans and borrowings are secured against certain property, plant and equipment (Note 4) and term deposits (Note 15).

The effective interest rate of loans and borrowings as at 31 December 2010 was 1.81% (2009 : 2.88% to 5.40%) per annum.

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

	2010 RM'000	2009 RM'000
Renminbi	0	2,512
US Dollar	1,326	17,623
	1,326	20,135

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

18. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Group	2010 RM'000	2009 RM'000
Derivatives classified as held for trading	30	0

Derivatives consist of forward exchange contracts which are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 December 2010, the Group had contracts due within 30 days to buy USD437,000 (2009 : USD914,000) and sell RMB2,952,000 (2009 : RMB6,179,000) at contractual forward rates.

The fair values of derivative financial assets not recognised as at 31 December 2009 amounted to RM15,000.

19. OTHER LIABILITIES

Group

These represented partial proceeds from the disposal of Cemerlang Emas Sdn. Bhd. as mentioned in Note 12.

20. SHARE CAPITAL

	2010		2009	
	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	225,632	225,632	250,702	250,702
Cancellation of treasury shares	(22,562)	(22,562)	(25,070)	(25,070)
At 31 December	203,070	203,070	225,632	225,632

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.

20. SHARE CAPITAL (cont'd)

Purchase of Own Shares (cont'd)

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:-

	2010		2009	
	No. of Shares '000	Cost RM'000	No. of Shares '000	Cost RM'000
At 1 January	22,562	20,425	25,070	18,844
Shares cancelled	(22,562)	(20,425)	(25,070)	(18,844)
Shares purchased	4,749	5,660	22,562	20,425
At 31 December	<u>4,749</u>	<u>5,660</u>	<u>22,562</u>	<u>20,425</u>
Average unit cost for the year (RM)		<u>1.192</u>		<u>0.905</u>

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

	2010	2009
	No. of Shares '000	No. of Shares '000
At 1 January	203,070	225,632
Shares purchased	(4,749)	(22,562)
At 31 December	<u>198,321</u>	<u>203,070</u>

21. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of goods	286,700	250,496	0	0
Sale of plantation produce	920	462	0	0
Management services	0	0	3,819	3,182
Property development	19,988	20,039	0	0
Dividend income	427	806	14,820	16,174
Interest income	906	638	906	638
Rental income	331	328	0	0
	<u>309,272</u>	<u>272,769</u>	<u>19,545</u>	<u>19,994</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

22. PROFIT BEFORE TAX

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:-				
Allowance for slow moving inventories	208	1,176	0	0
Auditors' remuneration:-				
- Current year	135	121	30	25
- Prior year	0	(27)	0	0
Bad debts written off	0	241	0	0
Depreciation	11,906	12,832	297	265
Direct operating expenditure for investment property	69	33	0	0
Fee expense for financial instruments not at fair value through profit or loss	367	329	2	19
Impairment loss on investments in subsidiaries*	0	0	0	3,127
Impairment loss on property, plant and equipment*	0	265	0	0
Interest expense for financial liabilities not at fair value through profit or loss	233	1,399	0	0
Inventories written off	0	4	0	0
Loss on financial instruments at fair value through profit or loss (classified as held for trading)	180	0	0	0
Loss on foreign exchange:-				
- Realised	377	0	0	0
- Unrealised	277	106	0	0
Property development costs	10,778	12,536	0	0
Property, plant and equipment written off	645	116	2	0
Rental of premises	92	97	122	121
Revaluation decrease of property, plant and equipment	0	737	0	0

* Included in other operating expenses

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

22. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
and crediting:-				
Compensation for loss of property, plant and equipment	534	0	0	0
Dividend income from:-				
- Subsidiaries	0	0	8,000	8,089
- Associate	0	0	6,393	7,279
- Quoted investments in Malaysia	427	806	427	806
Gain on derecognition of available-for-sale financial assets	1,356	3,942	1,356	3,933
Gain on disposal of property, plant and equipment	48	707	20	177
Gain on disposal of subsidiary	5	0	0	0
Gain on fair value adjustment of investment property	101	699	0	0
Gain on winding up of subsidiaries	0	0	13	0
Interest income for financial assets not at fair value through profit or loss	1,866	1,599	906	638
Realised gain on foreign exchange	0	131	0	0
Rental income from:-				
- Investment property	364	363	0	0
- Others	22	3	0	0
Revaluation increase of property, plant and equipment	0	0	0	1,132
Reversal of allowance for diminution in value of investments	0	7,307	0	7,307
Reversal of allowance for slow moving inventories	1,528	944	0	0
Reversal of impairment loss on investments in subsidiaries**	0	0	2,124	0
Reversal of impairment loss on loans and receivables:-				
- Subsidiaries	0	0	0	27,393
- Unrelated parties	7	44	0	0

** Included in other operating income

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Salaries and bonus	34,945	30,907	4,412	4,013
Defined contribution plans	3,139	2,873	767	523
Termination benefits	0	(137)	0	0
Ex-gratia benefits	276	205	276	205
	<u>38,360</u>	<u>33,848</u>	<u>5,455</u>	<u>4,741</u>

24. DIRECTORS' REMUNERATION

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fees:-				
- Current year	311	231	297	216
- Prior year	54	33	54	27
Salaries and bonuses:-				
- Current year	2,400	2,214	2,400	2,214
- Prior year	(3)	(3)	(3)	(3)
Defined contribution plans:-				
- Current year	438	257	438	257
- Prior year	155	93	155	93
Ex-gratia benefits	276	205	276	205
	<u>3,631</u>	<u>3,030</u>	<u>3,617</u>	<u>3,009</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 RM44,000 (2009 : RM44,000).

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.

25. TAX EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax based on results for the year:-				
- Malaysian income tax	3,508	3,519	107	411
- Overseas income tax	2,836	0	0	0
- Deferred tax	254	(1,339)	0	0
	6,598	2,180	107	411
Recognition of previously unrecognised deferred tax assets	(454)	0	0	0
Tax under/(over) provided in prior year:-				
- Malaysian income tax	(30)	897	0	492
- Overseas income tax	28	324	0	0
- Real Property Gains Tax	0	(11)	0	0
- Deferred tax	(16)	(301)	0	0
	6,126	3,089	107	903

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	
	2010 %	2009 %	2010 %	2009 %
Applicable tax rate	25.00	25.00	25.00	25.00
Non-deductible expenses	1.99	1.91	1.07	1.82
Non-taxable income	(5.04)	(21.39)	(28.40)	(26.89)
Reinvestment allowances claimed	(3.21)	(0.65)	0.00	0.00
Reversal of deferred tax on properties held for sale	(0.01)	0.00	0.00	0.00
Increase/(Decrease) in unrecognised deferred tax assets	0.20	(0.79)	2.99	0.88
Effect of differential tax rates	(5.71)	0.00	0.00	0.00
Average effective tax rate	13.22	4.08	0.66	0.81

As at 31 December 2010, the Company has sufficient tax credits and tax exempt income to frank/distribute its entire retained profits if paid out as dividends. It may also distribute its entire retained profits as at 31 December 2010 as tax exempt dividends under the single tier tax system.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

26. EARNINGS PER SHARE

Group

The basic earnings per share is calculated by dividing the Group's profit for the financial year by the weighted average number of ordinary shares in issue during the financial year, after adjusting for the effect of shares purchased, as follows:-

	2010	2009
Profit for the financial year (RM'000)	<u>43,772</u>	<u>50,382</u>
Number of shares in issue at 1 January ('000)	203,070	225,632
Effect of shares purchased ('000)	<u>(1,206)</u>	<u>(9,770)</u>
Weighted average number of shares in issue ('000)	<u>201,864</u>	<u>215,862</u>
Basic earnings per share (sen)	<u>21.68</u>	<u>23.34</u>

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

27. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Dividend declared from associate	6,393	7,279	6,393	7,279
Dividends declared from subsidiaries	0	0	8,000	7,879
Rendering of management services to subsidiaries	0	0	3,819	3,182
Renting of premises from subsidiary	0	0	121	121
Purchase of goods from other related party*	235	53	0	0
Sale of goods to other related party*	11	10	0	0
Receiving of services from other related party**	<u>101</u>	<u>0</u>	<u>0</u>	<u>0</u>

* Being a company in which certain directors have substantial financial interests

** Being a company in which a close family member of a director has a substantial financial interest

28. 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

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

The accounting policies and measurement bases of the segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

	Manufacture of printed circuit boards RM'000	Property develop- ment RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Unallocated non- operating segments RM'000	Total RM'000
31.12.2010						
Segment assets	249,462	86,794	22,090	777	72,630	431,753
Investment in associate	0	0	0	0	23,137	23,137
Income tax assets	5	1,626	36	0	807	2,474
Total assets	249,467	88,420	22,126	777	96,574	457,364
Additions to non-current assets	18,233	428	34	10	785	19,490
Segment liabilities	51,205	4,235	1,460	40	2,841	59,781
Loans and borrowings	1,326	0	0	0	0	1,326
Income tax liabilities	6,217	0	0	0	148	6,365
Total liabilities	58,748	4,235	1,460	40	2,989	67,472
External revenue	278,935	19,988	7,765	920	1,664	309,272
Intersegment revenue	0	0	18	0	11,735	11,753
Total revenue	278,935	19,988	7,783	920	13,399	321,025
Segment profit/(loss)	36,985	5,517	45	158	(1,072)	41,633
Interest income	624	287	49	0	906	1,866
Interest expense	(233)	0	0	0	0	(233)
Share of profit of associate	0	0	0	0	6,632	6,632
Profit before tax	37,376	5,804	94	158	6,466	49,898
Tax expense	(4,786)	(1,178)	(4)	0	(158)	(6,126)
Profit for the financial year	32,590	4,626	90	158	6,308	43,772

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

28. 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	Unallocated non- operating segments RM'000	Total RM'000
<u>31.12.2010</u>						
Non-cash income	811	0	734	0	91	1,636
Depreciation	11,058	102	355	70	321	11,906
Other non-cash expenses	804	0	46	1	2	853
<u>31.12.2009</u>						
Segment assets	237,850	96,930	21,395	925	73,883	430,983
Investment in associate	0	0	0	0	26,131	26,131
Income tax assets	6	672	15	0	807	1,500
Total assets	237,856	97,602	21,410	925	100,821	458,614
Additions to non-current assets	5,890	15	3	18	623	6,549
Segment liabilities	45,419	14,477	1,513	138	2,346	63,893
Loans and borrowings	20,135	0	0	0	0	20,135
Income tax liabilities	5,227	0	3	0	144	5,374
Total liabilities	70,781	14,477	1,516	138	2,490	89,402
External revenue	242,492	20,039	8,004	462	1,772	272,769
Intersegment revenue	0	0	118	0	11,213	11,331
Total revenue	242,492	20,039	8,122	462	12,985	284,100
Segment profit/(loss)	28,604	3,701	2,113	(197)	11,416	45,637
Interest income	718	198	45	0	638	1,599
Interest expense	(1,399)	0	0	0	0	(1,399)
Share of profit of associate	0	0	0	0	7,634	7,634
Profit before tax	27,923	3,899	2,158	(197)	19,688	53,471
Tax expense	(400)	(1,691)	(111)	0	(887)	(3,089)
Profit for the financial year	27,523	2,208	2,047	(197)	18,801	50,382
Non-cash income	802	0	1,971	0	9,080	11,853
Depreciation	12,164	43	287	69	269	12,832
Other non-cash expenses	4,543	259	596	0	0	5,398
<u>1.1.2009</u>						
Segment assets	227,549	90,457	19,977	887	56,042	394,912
Investment in associate	0	0	0	0	23,968	23,968
Income tax assets	0	32	165	1	1,321	1,519
Total assets	227,549	90,489	20,142	888	81,331	420,399

28. 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	Unallocated non- operating segments RM'000	Total RM'000
<u>1.1.2009</u>						
Segment liabilities	37,976	3,345	1,910	22	2,046	45,299
Loans and borrowings	31,792	0	0	0	0	31,792
Income tax liabilities	4,750	517	0	0	224	5,491
Total liabilities	<u>74,518</u>	<u>3,862</u>	<u>1,910</u>	<u>22</u>	<u>2,270</u>	<u>82,582</u>

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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	135,878	103,848	123,264	119,361
China	144,631	140,625	54,790	62,604
Other countries	28,763	28,296	0	0
	<u>309,272</u>	<u>272,769</u>	<u>178,054</u>	<u>181,965</u>

Major Customers

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

	External Revenue		Operating Segment
	2010 RM'000	2009 RM'000	
Customer I*	63,807	40,540	Manufacture of printed circuit boards
Customer II*	<u>46,070</u>	<u>29,751</u>	Manufacture of printed circuit boards

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

29. CAPITAL COMMITMENT

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Approved but not contracted:-				
- Subsidiary	8,972	0	8,972	0
Contracted but not provided for:-				
- Property, plant and equipment	571	4,602	0	0
- Investment property	0	380	0	0
	<u>9,543</u>	<u>4,982</u>	<u>8,972</u>	<u>0</u>

30. CONTINGENT LIABILITIES - UNSECURED

Company

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 approximately RM34,953,000 (2009 : RM26,973,000). The total utilisation of these credit facilities as at 31 December 2010 amounted to approximately RM10,549,000 (2009 : RM7,837,000).

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 2.14. 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.

31. FINANCIAL RISK MANAGEMENT

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

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

31. FINANCIAL RISK MANAGEMENT (cont'd)

Credit Risk

The Group's exposure to credit risk arises mainly from receivables, derivative financial assets 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 30.

As the Group only deals with reputable financial institutions, the credit risk associated with derivative financial assets and 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.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia ("RM") and Renminbi ("RMB") whereas the major foreign currency transacted is US Dollar ("USD").

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

31. FINANCIAL RISK MANAGEMENT (cont'd)

Currency Risk (cont'd)

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of the Group's 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 2010 RM'000	Increase/ (Decrease) in Profit 2009 RM'000
Appreciation of USD against RM by 10%	206	419
Depreciation of USD against RM by 10%	(206)	(419)
Appreciation of USD against RMB by 10%	959	410
Depreciation of USD against RMB by 10%	<u>(959)</u>	<u>(410)</u>

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and loans and borrowings.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments.

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss or as available-for-sale, any change in interest rates at the end of the reporting period would not affect its profit or loss or other comprehensive income. For floating rate financial instruments stated at amortised cost, the following table demonstrates the sensitivity of the Group's profit or loss to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	Increase/ (Decrease) in Profit 2010 RM'000	Increase/ (Decrease) in Profit 2009 RM'000
Increase in interest rates by 50 basis points	0	(87)
Decrease in interest rates by 50 basis points	<u>0</u>	<u>87</u>

31. FINANCIAL RISK MANAGEMENT (cont'd)

Other Price Risk

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

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

The Group's quoted investments are listed on Bursa Malaysia Securities Berhad. Based on the assumption that the share prices of these investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI"), the following table demonstrates the sensitivity of the Group's and the Company's 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 2010 RM'000	Increase/ (Decrease) in Profit 2009 RM'000	Increase/ (Decrease) in OCI 2010 RM'000	Increase/ (Decrease) in OCI 2009 RM'000
Increase in FBMKLCI by 10%	0	1,676	2,754	0
Decrease in FBMKLCI by 10%	<u>0</u>	<u>(1,676)</u>	<u>(2,754)</u>	<u>0</u>

32. 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 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, redeem debts or sell assets, 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. The Group's strategy is to maintain the ratio at below 50% as follows:-

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Total loans and borrowings	1,326	20,135	0	0
Total equity	389,892	369,212	322,783	319,495
Total capital	<u>391,218</u>	<u>389,347</u>	<u>322,783</u>	<u>319,495</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

32. CAPITAL MANAGEMENT (cont'd)

	Group		Company	
	2010	2009	2010	2009
Debt-to-equity ratio	<u>0.34%</u>	<u>5.45%</u>	<u>0.00%</u>	<u>0.00%</u>

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

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 4 January 2011, a subsidiary, GUH International (HK) Private Limited ("GUHHK") entered into a Preliminary Agreement with the Development General Company of Jiangsu Gaochun Economic Development Zone, Jiangsu Province, People's Republic of China in relation to the proposed construction of a new 100 million litres per day water treatment plant and its associated distribution network within the Gaochun Economic Development Zone.

Under the Preliminary Agreement, GUHHK will undertake the construction of a 100 million litres per day water treatment plant on a Build-Operate-Transfer basis. The investment for the project is estimated at RMB180 million (excluding distribution network) and will be implemented in two phases of equal capacity. GUHHK is entrusted to carry out the feasibility studies on the project within six months from the date of the Preliminary Agreement.

Details of the concession agreement including tariff, cost of investment and etc. are subject to negotiation after the completion of the said feasibility studies.

The project will be funded by a combination of internally generated funds and borrowings to be arranged after the feasibility studies.

	Group 2010 RM'000	Company 2010 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	173,654	73,994
- Unrealised	(636)	0
	<u>173,018</u>	<u>73,994</u>
Total share of retained profits of associate:-		
- Realised	73,746	0
- Unrealised	0	0
	<u>246,764</u>	<u>73,994</u>
Consolidation adjustments and eliminations	(110,412)	0
Total retained profits as per statement of financial position	<u>136,352</u>	<u>73,994</u>

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

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SCHEDULE OF SHARE BUY-BACK
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Details on the purchases made by the Company of its own shares for the financial year ended 31 December 2010, are set out as follows:

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	Purchase Price Per Share		Average Cost	Total Cost RM
		Lowest RM	Highest RM	Per Share RM	
August 2010	1,340,900	1.14	1.20	1.19	1,596,121.13
September 2010	835,800	1.16	1.20	1.20	1,000,931.33
October 2010	230,000	1.16	1.18	1.18	270,157.71
November 2010	1,385,200	1.15	1.24	1.21	1,670,769.88
December 2010	956,900	1.12	1.22	1.17	1,122,372.57
	4,748,800			1.19	5,660,352.62

The Company continued to purchase its own shares of 10,000 ordinary shares of RM1.00 each on 22 February 2011 for a total cost of RM12,087.60, with average cost per share at RM1.21. All its own shares purchased by the Company are retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2011

Authorized Capital	: RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1.00 each
Issued and Fully Paid-Up Capital	: RM203,069,963 divided into 203,069,963 ordinary shares of RM1.00 each
Class of Shares	: There is only one class of shares in the Company - Ordinary Shares of RM1.00 each
Voting Rights	: One vote per ordinary share

Distribution Schedule of Shares

As at 31 March 2011

Holdings	No. of Holders	Total Holdings	%
Less than 100	1,101	52,546	0.03
100 - 1,000	6,806	4,720,956	2.38
1,001 – 10,000	6,766	25,623,422	12.92
10,001 – 100,000	974	26,299,315	13.26
100,001 – less than 5% of issued shares	98	76,961,021	38.81
5% and above of issued shares	3	64,653,903	32.60
	15,748	*198,311,163	100.00

* Exclusive of 4,758,800 ordinary shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2011

Substantial Shareholders

As at 31 March 2011

No.	Name of Substantial Shareholders	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Zun Holdings Sdn. Bhd.	20,408,617	10.29	-	-
2.	Dato' Seri H'ng Bok San	-	-	34,160,617 ^a	17.23
3.	Datin Seri Ang Gaik Nga	7,663,000	3.86	20,408,617 ^b	10.29
4.	Dato' H'ng Chun Hsiang	1,544,000	0.78	20,408,617 ^b	10.29
5.	H'ng Hsieh Fern	1,536,000	0.77	20,408,617 ^b	10.29
6.	Datin H'ng Hsieh Ling	1,509,000	0.76	20,408,617 ^b	10.29
7.	H'ng Chun Ching	1,500,000	0.76	20,408,617 ^b	10.29
8.	Chunglu Sdn. Bhd.	14,221,286	7.17	-	-
9.	Dato' Chung Chin Fu	3,556,600	1.79	16,954,286 ^c	8.55
10.	Howell Chen Chung	2,733,000	1.38	14,221,286 ^d	7.17
11.	Datin Teruyo Chung @ Lu Ju-Yu Chung	-	-	14,221,286 ^d	7.17
12.	HSBC Nominees (Asing) Sdn. Bhd. <i>HPBS SG For Gold Connection Assets Limited</i>	30,024,000	15.14	-	-

Directors' Shareholding

As at 31 March 2011

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Seri H'ng Bok San	-	-	34,160,617 ^a	17.23
2.	Dato' Chung Chin Fu	3,556,600	1.79	16,954,286 ^c	8.55
3.	Dato' Kenneth H'ng Bak Tee	-	-	1,857,600 ^e	0.94
4.	Dato' H'ng Bak Seah	1,707,952 ^f	0.86	-	-
5.	Datin H'ng Hsieh Ling	1,509,000	0.76	20,408,617 ^b	10.29
6.	Chew Hock Lin	-	-	-	-
7.	Dato' Ismail Bin Hamzah	-	-	-	-
8.	Lai Chang Hun	1,825,288	0.92	3,516,587 ^g	1.77
9.	Wan Ismail Bin Wan Nik	3,735,635 ^h	1.88	-	-

Notes:

- a 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 Companies Act, 1965
- b Deemed interest via shares held by Zun Holdings Sdn. Bhd. by virtue of Section 6A of Companies Act, 1965
- c Deemed interest via shares held by Chunglu Sdn. Bhd. and his son by virtue of Sections 6A and 134(12)(c) of Companies Act, 1965
- d Deemed interest via shares held by Chunglu Sdn. Bhd. by virtue of Section 6A of Companies Act, 1965
- e Deemed interest via shares held by his spouse and son by virtue of Section 134(12)(c) of Companies Act, 1965
- f Total no. of shares are aggregated from 2 different securities accounts
- g Deemed interest via shares held by Laico Jaya Sdn. Bhd. and his children by virtue of Sections 6A and 134(12)(c) of Companies Act, 1965
- h 3,000,000 shares are pledged under HLB Nominees (Tempatan) Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2011

Thirty (30) Largest Shareholders

As at 31 March 2011

No.	Name of Securities Account Holders	No. of Shares	%
1.	HSBC Nominees (Asing) Sdn. Bhd. <i>HPBS SG For Gold Connection Assets Limited (501999)</i>	30,024,000	15.14
2.	Zun Holdings Sdn. Bhd.	20,408,617	10.29
3.	Chunglu Sdn. Bhd.	14,221,286	7.17
4.	Datin Seri Ang Gaik Nga	7,663,000	3.86
5.	Song Siew Gnoh	6,433,845	3.24
6.	Dato' Chung Chin Fu	3,556,600	1.79
7.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wan Ismail Bin Wan Nik</i>	3,000,000	1.51
8.	Kan Yu Oi Ling	2,853,717	1.44
9.	Howell Chen Chung	2,733,000	1.38
10.	Laico Jaya Sdn. Bhd.	2,309,563	1.16
11.	Tan Tong Chew	1,852,800	0.93
12.	Lai Chang Hun	1,825,288	0.92
13.	How Kim Chai	1,743,900	0.88
14.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Koon Yew Yin</i>	1,677,000	0.85
15.	AMSEC Nominees (Asing) Sdn. Bhd. <i>Kim Eng Securities Pte Ltd for Horizon Growth Fund N.V.</i>	1,579,200	0.80
16.	Shoptra Jaya (M) Sdn. Bhd.	1,558,100	0.79
17.	Dato' H'ng Chun Hsiang	1,544,000	0.78
18.	H'ng Hsieh Fern	1,536,000	0.77
19.	Datin H'ng Hsieh Ling	1,509,000	0.76
20.	H'ng Chun Ching	1,500,000	0.76
21.	Dato' H'ng Bak Seah	1,494,352	0.75
22.	Lim Khuan Eng	1,413,400	0.71
23.	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt An For UBS AG Singapore (Foreign)</i>	1,240,900	0.63
24.	Malaysia Nominees (Asing) Sdn. Bhd. <i>Oversea-Chinese Bank Nominees Pte Ltd for Oversea-Chinese Banking Corporation Limited (OCB33076-000FM)</i>	1,225,000	0.62
25.	H'ng Chun Li	968,300	0.49
26.	Zulkifli Bin Hussain	960,000	0.48
27.	Tay Teck Ho	940,000	0.47
28.	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt An For Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)</i>	858,800	0.43
29.	Ooi Say Hup	825,600	0.42
30.	OSK Nominees (Tempatan) Sdn. Berhad <i>DBS Vickers Secs (S) Pte Ltd For Kuok Khoon Ho</i>	812,315	0.41

**LIST OF PROPERTIES
AS AT 31 DECEMBER 2010**

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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	24 years	10,924	31/12/2009
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	24 years	6,889	31/12/2009
3	160-4-3 Anson Road, 10400 Penang	Freehold	Apartment	153	29 years	240	31/12/2010
4	588 Changjiang Road, New District Suzhou, Jiangsu, China	Leasehold 50 years Expiring on 17/8/2047	Office/ Factory building	53,325	13 years	30,479	31/12/2009
5	Along Kuala Lumpur/ Seremban Highway Mukim Labu District of Seremban Negeri Sembilan	Freehold	Ongoing mixed development scheme known as Taman Bukit Kepayang	599,036	-	29,298	30/9/2004
6	Lot No. 5 Mukim Telui Kiri, Daerah Kuala Muda, Kedah	Freehold	Agricultural land	1,559,724	-	14,600	31/12/2009
7	4935 Jalan Siram, 12100 Butterworth, Penang	Freehold	3-storey terrace shophouse	511	19 years	726	31/12/2009
8	1564 Mukim 12, Jalan Nafiri, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Seberang Perai Selatan, Penang	Freehold	Factory building	51,090	14 years	14,681	31/12/2009
9	18 Lengkok Kikik 2, Taman Inderawasih, 13600 Prai, Penang	Freehold	Double storey terrace light Industrial building	330	22 years	420	31/12/2010
10	41 Jalan Chain Ferry, 12100 Butterworth, Penang	Freehold	Double storey terrace shophouse	353	20 years	720	31/12/2010
11	65 Jalan Chain Ferry, 12100 Butterworth, Penang	Freehold	Double storey terrace shophouse	362	20 years	720	31/12/2010
12	1286 & 1287 Jalan Baru, Chai Leng Park, 13700 Prai, Penang	Freehold	2 adjoining units of 2 1/2 storey shophouse	1,210	31 years	1,400	31/12/2010
13	3 Jalan Nafiri, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shoplot	251	18 years	230	31/12/2010

**LIST OF PROPERTIES
AS AT 31 DECEMBER 2010**

No.	Address/ Location	Tenure	Description	Area (square metre)	Approximate Age of properties/ buildings	Net Book Value (RM'000)	Date of Re-Valuation
14	Lot No. 469 Mukim 12, Province Wellesley South, Penang	Freehold	Industrial land	27,396	-	1,600	31/12/2010
15	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	23 years	420	31/12/2010
16	1308 Jalan Baru, Chai Leng Park, 13700 Prai, Penang	Freehold	2 1/2 storey terrace shoplot	860	26 years	950	31/12/2010
17	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	23 years	48	31/12/2009
18	15 Jalan Nafiri, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shoplot	268	18 years	230	31/12/2010
19	17 Jalan Nafiri, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shoplot	251	18 years	230	31/12/2010
20	1 Jalan Nafiri, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shoplot	248	18 years	230	31/12/2010
21	15 Lorong Nafiri 2, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shoplot	354	18 years	230	31/12/2010
22	1-1-05 No. 1, Persiaran Bukit Jambul 1, Complex Relau, 11900 Penang	Freehold	Shoplot	86	16 years	250	31/12/2010
23	Unit No. 24, 25, 26, 91, 100, 101 & 103, Lembah Beringin, Sector 26-2, Selangor	Freehold	7 units of double storey terrace houses	1,169	12 years	-	31/12/2009
24	9 & 11 Puncak Perusahaan 2, Kawasan Perusahaan Miel, Prai, Phase 5, 13600 Prai, Penang	Leasehold 66 years Expiring on 30/9/2045	2 adjoining units of 1 1/2 storey semi- detached factory	2,016	19 years	1,200	31/12/2010
25	Lot 1490 Mukim Padang Meha Kulim, Kedah	Freehold	Industrial Land	9,676	-	702	31/12/2010

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 IS HEREBY GIVEN THAT the Forty-Seventh (47th) Annual General Meeting 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 Tuesday, 24 May 2011 at 9:30 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 2010 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 2010. **Resolution 2**
3. To re-elect the following Directors who retire by rotation in accordance with Article 99 of the Company's Articles of Association:-
 - (i) Dato' Kenneth H'ng Bak Tee **Resolution 3**
 - (ii) Dato' H'ng Bak Seah **Resolution 4**
 - (iii) Dato' Ismail Bin Hamzah **Resolution 5**
4. To consider and if thought fit, to pass the following resolutions in accordance with Section 129 of the Companies Act, 1965:-
 - (i) "That Dato' Chung Chin Fu, 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 Annual General Meeting." **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 Annual General Meeting." **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 Annual General Meeting." **Resolution 8**
5. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the financial year ending 31 December 2011 and to authorize the Directors to fix their remuneration. **Resolution 9**

As Special Business

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

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

“That pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of all relevant authorities being obtained, the Directors be and are hereby empowered to allot and issue shares in the capital of the Company from time to time 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 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 hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company. ”

Resolution 10

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

“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

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 Annual General Meeting ("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."

Resolution 11

**8. SPECIAL RESOLUTION –
PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE
COMPANY**

"THAT the Articles of Association of the Company be and is hereby amended by deleting the existing Article 137 in its entirety and substituting it with the following new Article 137:-

Existing Article 137

Dividends payable by cheque

Any dividend or other money payable in cash or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto, or if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder to any one of such persons or to such persons at such address as such persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

New Article 137**Dividends payable by cheque and/or other electronic means**

Any dividend or other money payable in cash or in respect of a share may be paid by cheque or warrant sent through the post directed to the registered address of the Member or person entitled thereto, or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons at such address as such persons may by writing direct or be paid via electronic transfer or other methods of fund transfer or remittance to the account provided by the holder who is named in the Record of Depositors. Every such cheque or warrant or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent or remitted or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct, and payment of such cheque or warrant or electronic transfer or remittance shall be a good discharge to the Company in respect of the dividend, interest, or other money payable in cash represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that endorsement thereon, or the instruction for the electronic transfer or remittance has been forged. Every such cheque or warrant or electronic transfer or remittance shall be sent or remitted at the risk of the person entitled to the money thereby represented.”

Resolution 12

9. 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 29 April 2011

Explanatory Notes on Special Business:**Explanatory Notes to Resolution 10**

As at the date of this notice, no new shares in the Company were issued pursuant to the general authority granted to the Directors for issuance of shares pursuant to Section 132D of the Companies Act, 1965 at the last Annual General Meeting held on 19 May 2010 which will lapse at the conclusion of the 47th Annual General Meeting.

The Board is looking into prospective areas and seeking opportunities to broaden the operating base and increase earnings potential of the Company which may involve the issue of new shares. In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, this Ordinary Resolution 10 if passed would give a renewal authority to the Directors of the Company to allot and issue new shares in the Company not exceeding 10% of its issued share capital for the time being should the need arise. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Explanatory Notes to Resolution 11

The proposed adoption of Ordinary Resolution 11 is to empower the Directors of the Company to purchase not more than 10% of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company. Further information is set out in the Share Buy-Back Statement to shareholders dated 29 April 2011, which is dispatched together with the Company's 2010 Annual Report.

Explanatory Notes to Resolution 12

The proposed adoption of the Special Resolution is to enable the Company to make payment of dividend, interest or other money payable in cash, directly into shareholders' account opened and maintained with a financial institution in Malaysia by way of electronic payment. The detail of amendments is set out below:

Article 137 Dividends payable by cheque and/or other electronic means

Any dividend or other money payable in cash or in respect of a share may be paid by cheque or warrant sent through the post directed to

the registered address of the Member ~~of~~ or person entitled thereto, or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons at such address as such persons may by writing direct or be paid via electronic transfer or other methods of fund transfer or remittance to the account provided by the holder who is named in the Record of Depositors. Every such cheque or warrant or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent or remitted or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct, and payment of ~~the such~~ such cheque ~~if purporting to be endorsed or the receipt of any such person or warrant or electronic transfer or remittance~~ shall be a good discharge to the Company in respect of the dividend, interest, or other money payable in cash represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that endorsement thereon, or the instruction for the electronic transfer or remittance has been forged. Every such cheque or warrant or electronic transfer or remittance shall be sent or remitted at the risk of the person entitled to the money thereby represented ~~thereby~~.”

Notes:

- (i) 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.
- (ii) Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (iii) The Form of Proxy must be signed by the appointor or his attorney duly authorized in writing or in the case of corporation shall be either executed under its Common Seal or signed by its attorney or an officer duly authorized.
- (iv) If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
- (v) If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
- (vi) Any Form of Proxy or Power of Attorney (if any) under which it is signed or a certified copy thereof 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.

Directors who are standing for re-election and re-appointment

Directors standing for re-election by rotation under Article 99 of the Company's Articles of Association are:-

- (i) Dato' Kenneth H'ng Bak Tee
- (ii) Dato' H'ng Bak Seah
- (iii) Dato' Ismail Bin Hamzah

Directors standing for re-appointment under Section 129(6) of the Companies Act, 1965, are:-

- (i) Dato' Chung Chin Fu
- (ii) Mr. Lai Chang Hun
- (iii) Dato' Seri H'ng Bok San

The profiles of the above Directors are set out in the section entitled "Directors' Profile" on pages 6 to 10 in this 2010 Annual Report.



FORM OF PROXY

No. of Shares Held	CDS Account No.
-	-

I/We NRIC No. / Company No.
(FULL NAME IN BLOCK LETTERS)

of
(ADDRESS)

being a Member/Members of GUH HOLDINGS BERHAD hereby appoint:-

(i) NRIC No. / Company No.

ofand/or

(ii)NRIC No. / Company No.

of

or failing him, the Chairman of the Meeting as my/our proxy/ proxies to vote for me/us and on my/our behalf at the Forty-Seventh(47th) Annual General Meeting of the Company to be held at the Auditorium of the Company at 2nd Floor, Plot 1240 & 1241 Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang on Tuesday, 24 May 2011 at 9:30 a.m and at any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxy/proxies are as follow:-

First Proxy.....% Second Proxy.....%

Please indicate with an "X" as to how you wish to cast your vote.

RESOLUTIONS		FOR	AGAINST
Resolution 1	To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and the Auditors thereon		
Resolution 2	To approve the payment of Directors' fees for the financial year ended 31 December 2010		
Resolution 3	To re-elect Dato' Kenneth H'ng Bak Tee as Director		
Resolution 4	To re-elect Dato' H'ng Bak Seah as Director		
Resolution 5	To re-elect Dato' Ismail Bin Hamzah as Director		
Resolution 6	To re-appoint Dato' Chung Chin Fu as Director		
Resolution 7	To re-appoint Mr. Lai Chang Hun as Director		
Resolution 8	To re-appoint Dato' Seri H'ng Bok San as Director		
Resolution 9	To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorize the Directors to fix their remuneration		
Resolution 10	To authorize the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 11	Proposed Renewal of Authority for the Company to purchase its own shares		
Resolution 12	Proposed Amendment to the Articles of Association of the Company		

Dated this day of,2011

.....
Signature of Member/ Common Seal

Notes:

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.

Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

The Form of Proxy must be signed by the appointor or his attorney duly authorized in writing or in the case of corporation shall be either executed under its Common Seal or signed by its attorney or an officer duly authorized.

If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.

Any Form of Proxy or Power of Attorney (if any) under which it is signed or a certified copy thereof 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.

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The Company Secretaries

GUH Holdings Berhad (4104-W)

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

1st fold here



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