



**GUH HOLDINGS BERHAD**

(4104-W)

**Annual Report 2015**

# VISION

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

SHAREHOLDERS

EMPLOYEES

CUSTOMERS

COMMUNITY

# MISSION

## FOR ITS SHAREHOLDERS

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

## FOR ITS EMPLOYEES

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

## FOR ITS CUSTOMERS

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

## FOR ITS COMMUNITY

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



## CORPORATE PROFILE

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

As a proud and home-grown company with its vast portfolio, GUH is committed to building a sustainable future and bringing positive benefits for value creation in the social economy, environment and governance to all its stakeholders

## CORPORATE INFORMATION

### Board of Directors

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

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

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

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

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

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

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

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

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

### Company Secretaries

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

### 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  
Website : [www.megacorp.com.my](http://www.megacorp.com.my)

### Registered Office

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

### Independent Auditors

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

### Principal Bankers

Public Bank Berhad  
Citibank Berhad  
CIMB Bank Berhad

### Stock Exchange Listing

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

Stock Code : 3247  
Stock Name : GUH

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## DIRECTORS' PROFILE

### **Tan Sri Dato' Seri H'ng Bok San, JP**

PSM, DPPN, DGPN, DSPN, PKT, PJK  
Executive Chairman  
Malaysian, Aged 76

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

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

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

DPNS, DSPN, PKT, PJM  
CEO/Managing Director  
Malaysian, Aged 56

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

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

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

and merger exercise and many other fields and industry sectors. He has accumulated in-depth knowledge and recognition over the years.

Tan Sri Dato' Seri H'ng's daughter, Datin Jessica H'ng Hsieh Ling and two brothers, Dato' Harry H'ng Bak Seah and Dato' Kenneth H'ng Bak Tee are also the Directors of GUH. Tan Sri Dato' Seri H'ng is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 52nd Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries as disclosed on pages 104 to 105 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which he has personal interests.

Tan Sri Dato' Seri H'ng attended all of the 5 Board meetings which were held in the financial year ended 31 December 2015.

Dato' Kenneth is the brother of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San and the Non-Executive Director, Dato' Harry H'ng Bak Seah. His niece, Datin Jessica H'ng Hsieh Ling is also a Non-Executive Director of GUH. Dato' Kenneth is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 52nd Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries as disclosed on pages 104 to 105 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which he has personal interests.

Dato' Kenneth attended all of the 5 Board meetings which were held in the financial year ended 31 December 2015.

## DIRECTORS' PROFILE

### **Dato' Harry H'ng Bak Seah**

DSPN, PJK  
Non-Executive Director  
Malaysian, Aged 66

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

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

Dato' Harry is the brother of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San and the CEO/Managing Director, Dato' Kenneth H'ng Bak Tee.

His niece, Datin Jessica H'ng Hsieh Ling is also a Non-Executive Director of GUH. Dato' Harry is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 52nd Annual General Meeting. He is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries as disclosed on pages 104 to 105 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which he has personal interests.

Dato' Harry attended all of the 5 Board meetings which were held in the financial year ended 31 December 2015.

### **Datin Jessica H'ng Hsieh Ling**

Non-Executive Director  
Malaysian, Aged 50

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

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

Datin Jessica is the daughter of the Group's Executive Chairman, Tan Sri Dato' Seri H'ng Bok San. Her uncles,

Dato' Harry is the Non-Executive Director and Dato' Kenneth is the CEO/Managing Director of GUH. Datin Jessica is deemed to have an interest pertaining to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature which will be tabled at the forthcoming 52nd Annual General Meeting. She is also deemed to be interested in certain recurrent related party transactions or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries as disclosed on pages 104 to 105 of the Annual Report.

Save as aforesaid disclosed, there are no other business arrangements with the Company in which she has personal interests.

Datin Jessica attended 3 out of the 5 Board meetings which were held in the financial year ended 31 December 2015.

## DIRECTORS' PROFILE

### **Mr. Chew Hock Lin**

Independent Non-Executive Director  
Malaysian, Aged 72

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

Mr. Chew graduated with a Bachelor of Commerce Degree from the University of Western Australia. He is a member of Chartered Accountants Australia and New Zealand. He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He is also a Fellow of Chartered Tax Institute of Malaysia. Mr. Chew is a former partner of an international audit firm. He has more than 40 years of working experience in various

areas covering auditing, accounting, finance and tax. He gained extensive experience and knowledge during his tenure as a partner and long year of service in the accountancy profession. Based on his experience in sitting on the Board of a few public listed companies, Mr. Chew is able to play his role in formulating and reviewing the Company's strategy and to strike a balance and make the Board more effective and be accountable to shareholders.

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

Mr. Chew attended all of the 5 Board meetings which were held in the financial year ended 31 December 2015.

### **Dato' Ismail Bin Hamzah**

AMN, KMN, DMIP  
Independent Non-Executive Director  
Malaysian, Aged 69

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

Dato' Ismail graduated from the University of Malaya in 1970 with a Bachelor of Economics (Hons) in Analytical Economics. Upon completed his tertiary education, he started his career by holding many key positions in the governmental agencies and organizations. He gained extensive knowledge and experience from economics

to finance acquired, throughout his career and tenure of service in the governmental authorities for more than 30 years. Sitting on the Board of a few public listed companies, Dato' Ismail is very experienced and capable to provide independent and objective judgment to the Board and he is able to attend all the Board meetings with sufficient time devoted to reading and formulating solutions to issues presented at the Board meeting.

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

Dato' Ismail attended all of the 5 Board meetings which were held in the financial year ended 31 December 2015.

### **Mr. Lai Chang Hun**

DJN, PKT  
Independent Non-Executive Director  
Malaysian, Aged 78

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

Mr. Lai was the Chairman of Penang Electrical Merchant Association and he is presently holding the position as one of the Trustees in the Association. He is presently a Director of Han Chiang High School and College and also holding the position as a Director in a number

## DIRECTORS' PROFILE

of social societies. Mr. Lai completed his high school education and obtained a diploma in the electrical and electronic in the early year. He started his career in the electrical engineering business. Over the years, he has gained extensive knowledge and business experience in the manufacturing and marketing of electronics and electrical products and appliances. Apart from that, he had been serving on the Board of other public listed company and is knowledgeable, competent and able to give objective judgment to the Board and to facilitate a more fair, balanced and effective governance of the

### **En. Wan Ismail Bin Wan Nik**

Independent Non-Executive Director  
Malaysian, Aged 69

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

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

### **Dato' Gan Kong Meng**

DSDK, PSPP, SDK, DJN, BCN, SMP, AMK, KMN, PPA  
Independent Non-Executive Director  
Malaysian, Aged 61

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

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

Dato' Gan served in the Malaysia Royal Police Force for

Board and the Company.

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

Mr. Lai attended all of the 5 Board meetings which were held in the financial year ended 31 December 2015.

and he is knowledgeable, competent and able to give independent judgment to the Board and to facilitate a more fair, balanced and effective governance of the Board and the Company.

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

En. Wan Ismail attended all of the 5 Board meetings which were held in the financial year ended 31 December 2015.

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

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

Dato' Gan attended all of the 3 Board meetings which were held in the financial year ended 31 December 2015 subsequent to his appointment.

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

EXECUTIVE CHAIRMAN'S STATEMENT



On behalf of the Board of Directors of GUH Holdings Berhad (“GUH” or “the Company”), I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2015.

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

## EXECUTIVE CHAIRMAN'S STATEMENT

### Financial Performance

For the financial year ended 31 December 2015, the Group's revenue decreased to RM285.4 million from RM299.4 million recorded in the preceding year. The Group recorded a lower profit before tax of RM18.7 million compared to RM33.6 million for the preceding year mainly due to the drop in contribution from its associate company, Property and Utility Divisions.

### Significant Event

During the financial year, GUH Holdings Berhad announced that it entered into a Sale and Purchase Agreement on 9 September 2015 to acquire two contiguous pieces of freehold vacant land held under Lot 1377 and Lot 1699, Mukim 12 at Tempat Ladang Valdor, Daerah Seberang Perai Selatan, Penang measuring approximately 12.06 acres, one from a related party known as Leader Holdings Sdn. Bhd., and another one from a third party by GUH Realty Sdn. Bhd., a wholly-owned subsidiary of GUH Asset Holdings Sdn. Bhd. (formerly known as GUH Electrical Holdings Sdn. Bhd.) a wholly-owned subsidiary of GUH. On 19 November 2015, GUH acquired two (2) ordinary shares of RM1.00 each representing 100% of the issued and paid-up capital of GUH Capital Sdn. Bhd., at par value of RM1.00 per share in cash.

### Dividend

The Board of Directors of GUH ("the Board") has continuously been declaring dividend to its shareholders over the years in its commitment to enhance shareholders' returns. For the financial year ended 31 December 2015, GUH declared an interim single tier dividend of 5 sen per share. This was paid on 18 September 2015 to the shareholders whose names appeared in the Record of Depositors of the Company at the close of business on 3 September 2015.

### Corporate Responsibility

The Board always acknowledges the understanding of maintaining a good business is not just about achieving the desired financial bottom line, but also being ethical and sustainable. GUH has placed corporate responsibility ("CR") firmly onto its corporate agenda as it has recognized and begun with the CR journey and has made it a fundamental part of its business over the years, focusing on the marketplace, workplace, environment and community.

More information on GUH's initiatives can be found in the Sustainability Report of the Company's Annual Report 2015.

### Corporate Governance

On behalf of the Board, we are always mindful of our duties and will continue to uphold and foster a strong

culture of corporate governance as we believe that it is the platform to safeguard the best interest of the Company and its shareholders while ensuring that the interests of other stakeholders are not compromised.

More information in relation to corporate governance can be found in the Corporate Governance Statement of the Company's Annual Report 2015.

### Outlook And Prospects

The Electronic Division of the Group expects to sustain positive growth momentum on more focused business strategy in year 2016. Property Division foresees property sales to pick up gradually in tandem with new launches in year 2016. Meanwhile, the Electrical Division envisages sale of electrical products to remain flat whereas Plantation Division anticipates stable fresh fruit bunches (FFB) production and crude palm oil (CPO) prices. Utility Division expects to achieve higher construction progress of water projects and secure some of the water projects tendered with an approximate value of RM1.6 billion in year 2016.

Overall, the Group foresees improved contribution from the Electronic, Property and Utility Divisions in year 2016 and the Board will continue to steer the Group towards its objectives against all challenges with the aim to maximize our capabilities and expertise in the core businesses to remain more profitable.

### Related Party Transactions

The related party transactions of the Group are disclosed as abovementioned and in Note 25 of the Notes to the Financial Statements which also set out the recurrent related party transactions conducted during the year in accordance with the mandate obtained from the shareholders at GUH's Annual General Meeting held on 19 May 2015. Except as aforesaid disclosed and in Note 25 of the Notes to the Financial Statements, there is no other material contract involving the interest of the directors and major shareholders during the period.

### Acknowledgment

On behalf of the Board, I would like to welcome Dato' Gan Kong Meng to the Group who has been appointed as the Independent Non-Executive Director of the Company since 1 June 2015. The Board and I would also like to take this opportunity to express our heartfelt thanks and appreciation to the Management team and staff for their loyalty, hard work and commitment in these challenging times. We also record our thanks to our shareholders, customers, partners, bankers, business associates and all the respected government authorities for their invaluable support and assistance, continuous trust and understanding during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS



On behalf of the Board of Directors of GUH Holdings Berhad ("GUH" or "the Company"), I am pleased to present the results and performance of GUH and its Group of Companies for the financial year ended 31 December 2015.

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

*DPNS, DSPN, PKT, PJM*

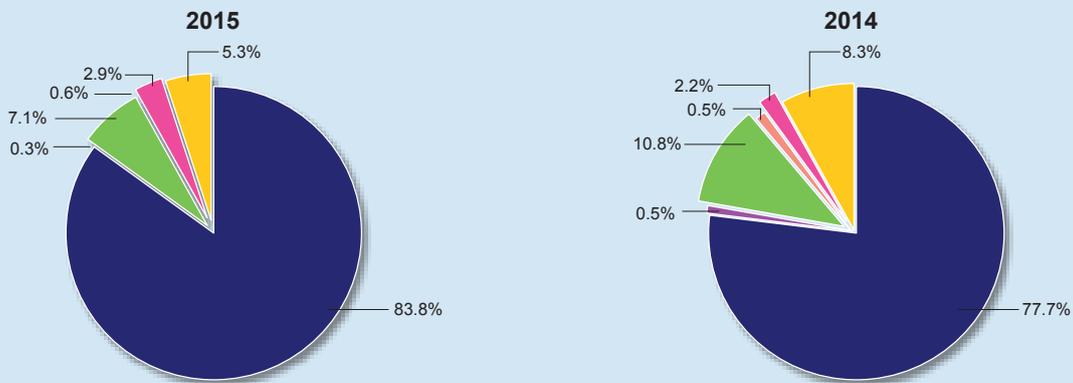
CEO/Managing Director

MANAGEMENT'S DISCUSSION AND ANALYSIS

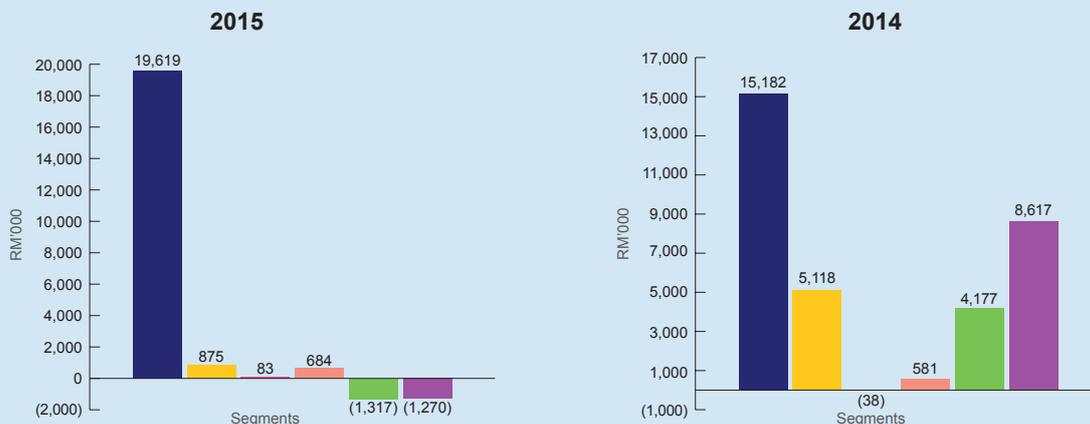
For the financial year ended 31 December 2015 under review, it had been operating under tough business environment across the entire GUH Group. The Group recorded a decrease of RM14.0 million to RM285.4 million in revenue in year 2015 compared to revenue of RM299.4 million in year 2014. Electronic Division had a higher contribution of RM239.3 million or 83.8% of Group revenue for year 2015 (year 2014: RM232.6 million or 77.7%). Utility Division generated RM20.3 million or 7.1% of Group revenue for year 2015 (year 2014: RM32.3 million or 10.8%) mainly contributed by the water projects of its subsidiary Teknoserv Engineering Sdn. Bhd. Property Division had a drastic drop in the Group's revenue to RM15.0 million or 5.3% for year 2015 (year 2014: RM24.9 million or 8.3%) mainly due to decrease in the number of property units sold. Conversely, the Electrical Division improved its contribution to RM8.3 million or 2.9% of Group revenue for year 2015 (year 2014: RM6.5 million or 2.2%) mainly stemming from the surge in sales of electrical products and building materials due to pre-GST buying by consumers. Plantation and Investment Divisions of the Group recorded RM1.7 million and RM0.8 million or 0.6% and 0.3% of Group revenue for year 2015 respectively (year 2014: RM1.6 million and RM1.5 million or 0.5% respectively).

GUH Group profit before tax for year 2015 decreased to RM18.7 million which was RM14.9 million lower than the profit before tax of RM33.6 million for year 2014. Utility Division recorded a negative variance of RM5.5 million for year 2015 compared to profit before tax of RM4.2 million for year 2014 which was in tandem with lower revenue achieved. Investment Division incurred a loss before tax of RM4.6 million for year 2015 against profit before tax of RM0.7 million for year 2014 mainly due to lower interest income, management fee and gain on derecognition of available-for-sale financial assets coupled with unfavourable foreign exchange and higher impairment loss on available-for-sale financial assets. Apart from that, there was a decline of RM4.7 million in the share of associate's profit for year 2015 compared to year 2014 mainly due to expiration of Power Purchase Agreement on 8 May 2015 whilst the Property Division recorded lower profit before tax for year 2015 compared to year 2014 by RM4.2 million in correspondence to lower revenue. Nevertheless, there was an improvement of RM4.4 million in profit before tax for the Electronic Division mainly boosted by contribution from the Malaysian operations. Besides that, the profit before tax for Electrical Division increased by RM0.3 million mainly due to the gain on fair value adjustment of investment properties from GUH Realty Sdn. Bhd. was higher by RM0.5 million for year 2015 compared to year 2014. The profit before tax for Plantation Division for year 2015 was higher by RM0.1 million compared to year 2014 mainly caused by higher fresh fruit bunch production.

GUH Group Revenue By Segment



GUH Group Profit Before Tax By Segment



Manufacture of printed circuit boards	Sale of electrical appliances	Water and wastewater treatment
Property development	Cultivation of oil palm	Unallocated non-operating segments

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Electronic Division

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

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

The revenue of GUH PG for year 2015 improved to RM110.5 million and was higher than year 2014 of RM102.4 million by RM8.1 million mainly due to the strategy of moving towards exports. Other actions which contributed to revenue improvement were redirecting the marketing strategies towards customers with end products of home appliances, automotive, air-conditioners and musical instruments instead of the preceding reliance on home audio and visual products. The forward strategies shall reside on the focusing on long term business sustainability by careful analysis of the market situation, predicting future trends of end products and to focus investments in that domain. Improving GUH PG's double-sided and multi-layered PCB capacity and capability and thus expect more sales of four to six layers multi-layered PCB is being planned. GUH PG recorded a profit before tax of RM7.6 million in year 2015 compared to a loss before tax situation of RM1.6 million in year 2014.

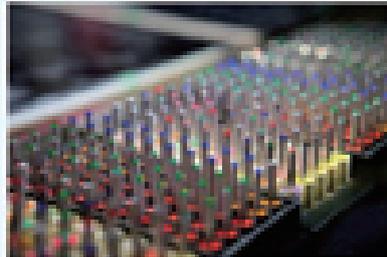
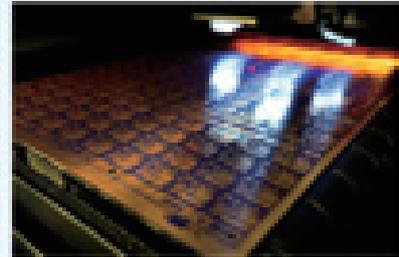
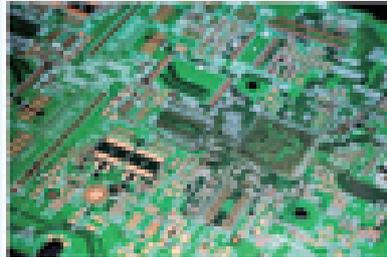
The risk factors that will be dominant in year 2016 are as follows:

In the external domain, competition from other PCB manufacturers especially from Thailand will become more intense because of the over-capacity situation in the rigid PCB sector of double-sided and multi-layered. GUH PG expects price reduction actions from competitors in Thailand because of their need to fill surplus capacity of their investment and that major customers will be taking advantage of the situation to coerce GUH PG in reducing prices.

Labor shortage and the increase in labor cost will also be the risk factors affect GUH PG. The Malaysian government will be implementing another minimum wage hike to RM1,000.00 in the near future and this will have an impact on the direct labor cost. The situation will be further compounded by a scenario of high mix and low volume orders which is the norm in the region.

Despite the risk factors as mentioned above, GUH PG is confident that its performance in year 2016 will continue to improve by implementing the following strategies:

- Continue to enhance customers' confidence in quality, delivery lead-time, productivity, capability in low volume high mix business and by improving internal operational performance.



- In the marketing and sales domain, GUH PG will woo new customers with products in home appliances, air-conditioners, car-audio, air-conditioners and musical instruments.
- An expansion of existing customer and new customer groups by selling PCBs and promoting customer confidence in our capability in fine pitch and line design, BGA design, impedance control, carbon printing, gold plating and plugged-hole designs.
- Concentration on higher sales margin products such as double-sided and multi-layered PCB and an expansion in the export market.
- The investment in machinery will take on the approach to semi-automate wherever possible to position GUH PG into less reliance on direct labor as well as securing consistency in manufacturing efficiency.

GUH PG has significant progress in the above strategies and it also sees two external key indicators of improvements as the proud recipient of the Panasonic Excellent Partner Award in November 2014 and the Yamaha Exceptional Vendor Support Award in May 2015.

In internal key indicators, GUH PG's Quality Index improved significantly, customer test and audits with end products in the automotive, air-conditioners, washing machines, micro-waves and other household appliances passed with distinction and passing all Quality Management System and Environmental System audits effortlessly.

In conclusion GUH PG expects its performance in year 2016 will be better than year 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The revenue for GUH SZ for year 2015 of RM 128.3 million was lower than year 2014 of RM129.9 million. Profit before tax decreased by RM 5.9 million (30.1%) from RM19.6 million in year 2014 to RM13.7 million in year 2015.

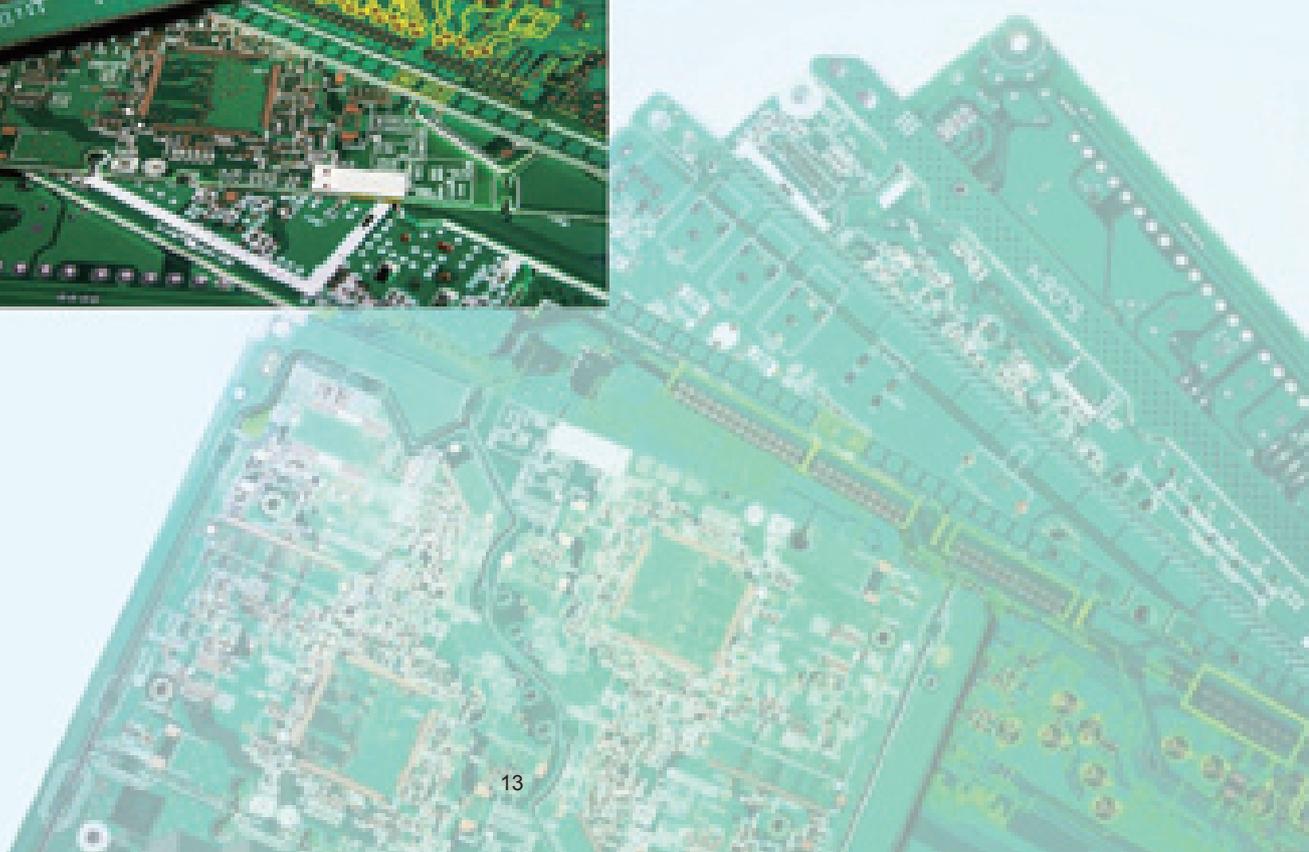
GUH SZ is proud to have customers from the list of Fortune Global 500 which plays an important role in maintaining its sustainability. GUH SZ has placed much effort to develop its business to produce more profitable and high volume PCB application such as LED lighting and LED backlight to boost its sales revenue while maximizing the utilization of production capability.

GUH SZ's strategies to develop new potential customers continues. GUH SZ will continue to focus on diverse range of products including automotive and telecommunication. To boost operating income, GUH SZ will continue to emphasize on its operation excellent to improve manufacturing efficiency and yield rate.

In the discussion of risks, the hike in production costs coupled with labor shortage and the stringent environment regulations are some of the factors that had caused the less efficient and weaker PCB manufacturer to move out from China to other countries in Asia Pacific region. Nevertheless, GUH SZ has undertaken various action plans which include cost reduction strategies in logistic, stock control, production planning, overtime control, supplier management and stringent budgetary control.

Other risks include stiff competition from local PCB manufacturers who continue to offer lower selling prices, extension of payment term, cheaper tooling cost and exemption of engineering and set-up cost at project bidding stage.

Although the electronic industry had moderate growth in year 2015, China remains the dominant producer in the global PCB market.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Property Division

- GUH Properties Sdn. Bhd. (GUH Properties)
- GUH Land Sdn. Bhd. (GUH Land)
- GUH Development Sdn. Bhd. (GUH Development)
- GUH Realty Sdn. Bhd. (GUH Realty)



Revenue of GUH Properties dropped by 39.8% to RM15.0 million in year 2015 from RM24.9 million in the previous year. Slide in crude oil price, depreciation of the ringgit and rising cost of living cause economy slowing down. Tighter credit rules for housing loan is also another major impact for weak property market. GUH Properties recorded low profit before tax of RM1.3 million which was 75.0% lower from RM5.2 million in year 2014 and resulted profit after tax dropped in about the same proportionate from RM3.8 million in the previous year to RM0.9 million in year 2015.

is situated in a strategic location which is adjacent to Seremban/Labu interchange of North South Highway and has good connectivity to major trunk roads. Amenities and shopping centers are within the vicinity.

For the year under review, GUH Properties launched the high-end landed residential development. This project is on high ground and at the interchange of the North South Highway.

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

Moving forward, GUH Properties will embark on commercial projects with retail outlets, recreation and leisure facilities, food and beverage outlets, shops and offices.

In year 2015, GUH Realty has entered into sales and purchase agreements to acquire two pieces of land at Sungai Bakap, Pulau Pinang.

Outlook of the property market is expected to remain weak in the coming months. GUH Properties project for higher achievement ahead as Taman Bukit Kepayang

Upon completion of the acquisition, GUH Realty plans to integrate the newly acquired two pieces of land with the existing land for industrial development. Total development area is approximately 17 acres.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

Electrical Division

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

Year 2015 has been a challenging year for GUH BW, and yet year 2016 is anticipated to be no less challenging.

GUH BW anticipates a very moderate growth in the year ahead, in furtherance to the increasing economic pressures and tough business operating challenges from year 2015.

To counter keen competition from suppliers on the pricing front, GUH BW is looking into widening its range of products to be distributed under the house-brand "LEB", to maximize margin, in addition to the current product range of fittings, ballasts and industrial fans.

As an established trading house, having been in the business for more than 40 years, providing reliable and fast service, at fair market prices, GUH BW remains a trusted vendor to its loyal customers.

GUH BW continues to be one of the top distributors of established brands of electrical installation materials such as Schneider and continues to be the supplier of construction materials such as tiles, paints and sanitary ware. GUH BW is continuously sourcing and engaging for new or other established products that will contribute to its revenue.



Plantation Division

GUH Plantations Sdn. Bhd. (GUH Plantations)

Palm oil stocks closed at 2.63 million tonnes in December 2015, increased by 29.6% compared to 2.03 million tonnes recorded in December 2014. The higher closing stocks were mainly due to higher crude palm oil (CPO) production by 1.4% to 19.97 million tonnes and lower palm oil exports.

In year 2015, overall CPO price was declining by 10.0% to RM2,167.75 per tonne.



Production yield for GUH Plantations increased by 26.6% in year 2015 compared to year 2014. The increase in yield compensated the unfavorable CPO price and lead to higher profit before tax by 17.8%.



Exceptional good rainfall in year 2015 contributed to higher production yield. GUH Plantations projects production yield continue to improve in days ahead.

GUH Plantations will continue to strive harder by improving its operational efficiency to achieve higher profit in year 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Utility Division

Water & Wastewater Solutions

Teknoserv Engineering Sdn. Bhd. (Teknoserv)

The revenue decreased to RM20.3 million in year 2015 against RM32.3 million in year 2014 mainly due to lower revenue recognition towards completion of certain water projects and slow initial startup for water projects.

Notwithstanding the above, being an experienced and established player in the water and sewerage industry, Teknoserv successfully secured another water treatment plant project located in Negeri Sembilan, Malaysia in November 2015.

With the successful commissioning and handing over of Nyabau Water Treatment Plant located at Bintulu, Sarawak to LAKU Management Sdn. Bhd. on March 2015, the upgraded plant is now capable of producing 154MLD treated water, double the capacity from its previous 77MLD.



Meanwhile, Teknoserv is targeting to complete the Muda River Water Scheme Phase 4A Package 12, Penang project in the first quarter of year 2016 and will ensure other on-going projects are being carried out as scheduled.

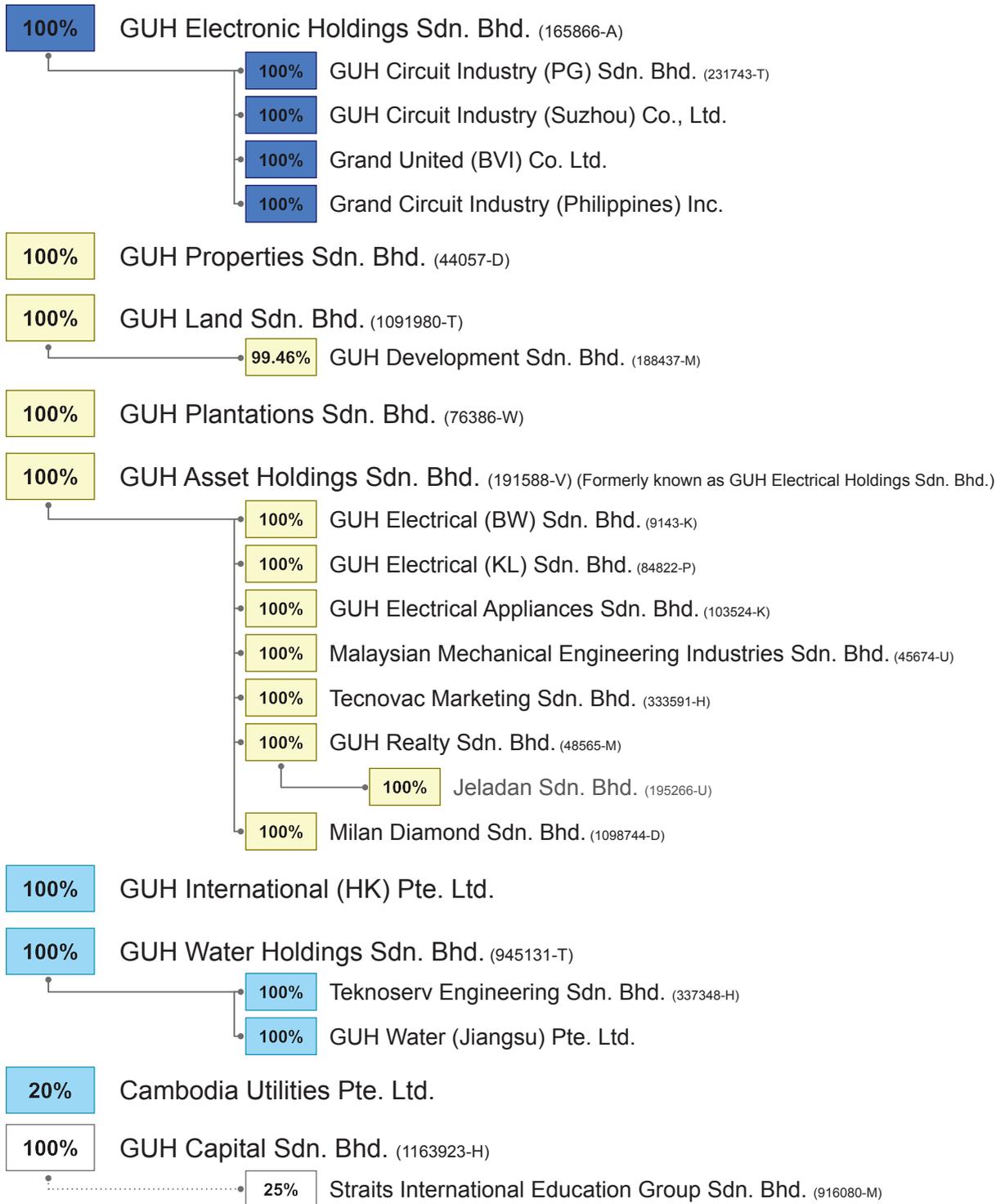
Teknoserv will strive to clinch more opportunities in water and sewerage market, locally and overseas by expanding its business development strategies and efforts, and continue to actively participate in water and sewerage related projects in order to further strengthen its business portfolio in the region.



Financial Position of GUH Group

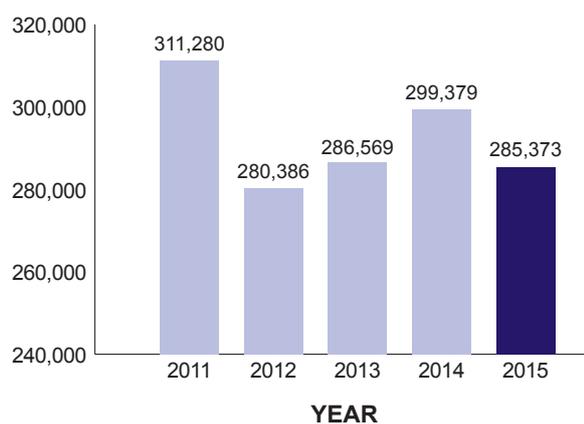
GUH Group's total assets as at 31 December 2015 recorded RM614.4 million while equity attributable to owners of the Company grew to RM517.9 million from RM494.3 million. Net assets per share attributable to owners of the Company increased to RM1.96 per share from RM1.87 per share last year. Total cash of the Group was RM136.0 million as compared to RM132.5 million, which continues to demonstrate the strong financial foothold of the business despite the competitive and challenging market conditions.

CORPORATE STRUCTURE

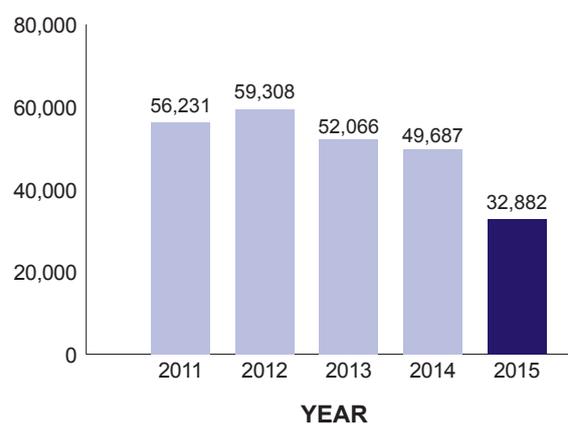


FINANCIAL HIGHLIGHTS

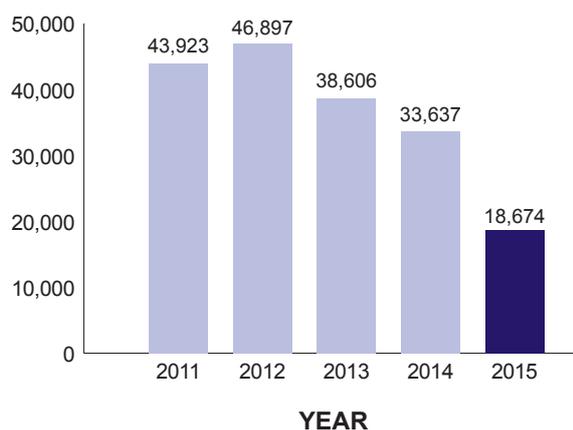
REVENUE (RM'000)



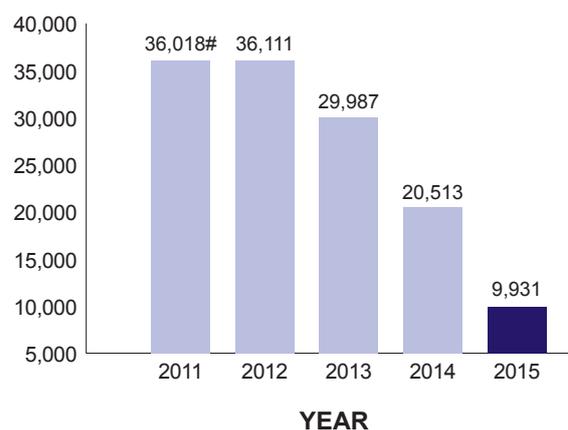
EBITDA (RM'000)



PROFIT BEFORE TAX (RM'000)

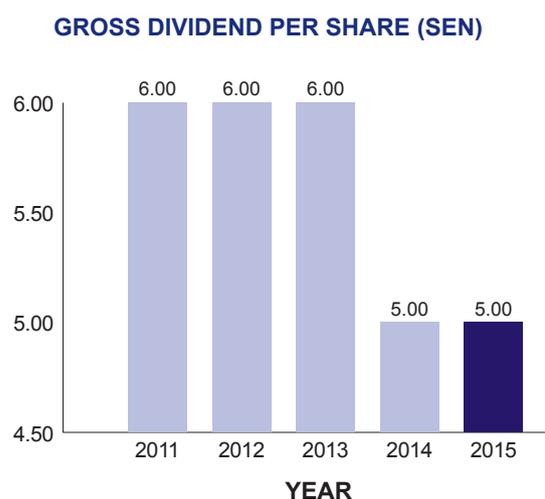
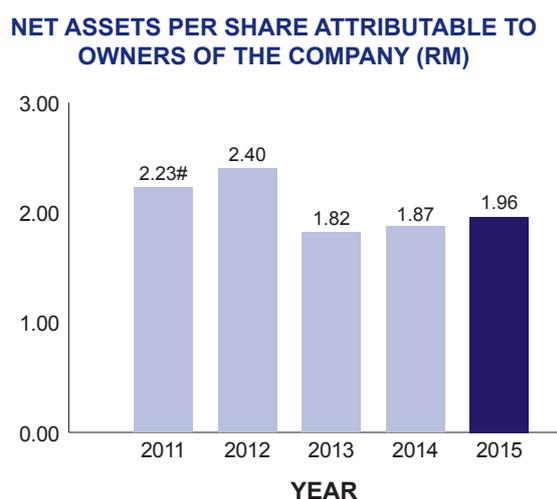
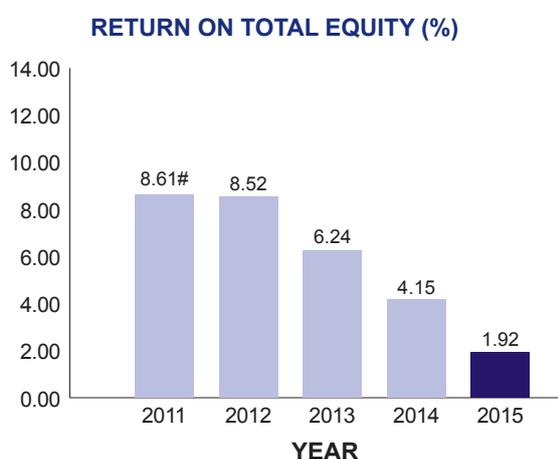
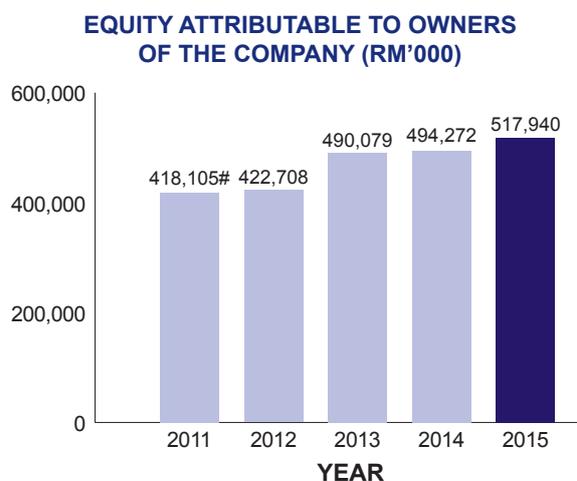
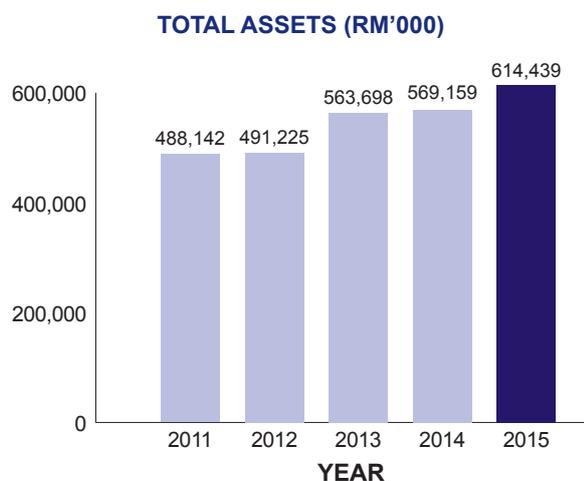


PROFIT FOR THE FINANCIAL YEAR  
ATTRIBUTABLE TO OWNERS OF  
THE COMPANY (RM'000)



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

FINANCIAL HIGHLIGHTS



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

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

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



## SUSTAINABILITY REPORT

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

### Care for the Marketplace

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

Creating a consistent return for shareholders is one of its key objectives. GUH has been declaring dividends out of profits to its shareholders over the years. In year 2015, an interim dividend (single tier) of 5 sen per share of RM1.00 each had been declared and paid to the shareholders on 18 September 2015. Share Buy-Back exercise has been renewed and approved with the aim

to provide a long term return potential to its shareholders and to position and support the fundamental value of GUH shares.

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

In ensuring sustainability of business and customer confidence, GUH strives to develop and provide products and services which offer good value in terms of pricing, quality, safety and environment impact. GUH continues to choose the right suppliers as choosing the right suppliers may influence the social environmental impacts and aims to create responsibly and fairly business relationship with all the suppliers.

## SUSTAINABILITY REPORT

### Care for the Workplace

Employees are assets of GUH. Therefore, GUH believes that the commitment and efforts of the employees are fundamental to ensure sustainability of the Group. Respect for human rights, conducive and safe working conditions with competitive terms and conditions are the basic attributes of our employment policy.

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

During the year, GUH sponsored a range of sporting events and activities for the employees. Bowling competition was held to encourage its employees to participate and gain benefits from this healthy sports event besides the weekly yoga classes held in the office premises. Mall Treasure Hunt was organized during the year for the employees to participate and it was a fun filled activity.

### Care for the Environment

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

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



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

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

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

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

SUSTAINABILITY REPORT

Care for the Community

GUH is a corporation that cares. It continuously contributes financial aid to charitable organizations. In the past year, GUH gave a RM10,000 donation to Bold Association Penang for children with special needs in conjunction with Penang Starwalk 2015 Charity Walk. Bold Association is a non-profit community-based organization dedicated to serving children with special needs. GUH will continuously do its part to help and give back to society and to give aid in raising its concerns to the local community.

During the year, GUH staff visited Silver Jubilee Home for the Aged with sponsored essential items for the aged folks and spending time interacting with them. GUH also participated and sponsored a food stall at the charity food fair organized by St Nicholas Home, Penang to help raising fund for its inmates. In November 2015, GUH donated RM28,000 to Buddhist Tzu-Chi Merits Society Malaysia.



## CORPORATE GOVERNANCE STATEMENT

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

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

### I. BOARD OF DIRECTORS

#### 1. Board Charter

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

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

#### 2. Composition of the Board

The Group is led by an experienced Board, many of whom have in depth knowledge of the business and industry to ensure the Group is able to sustain in the competitive business environment.

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

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

The Code recommends that the Chairman of the Board must be a Non-Executive member and where the Chairman is not an Independent Director, it must comprise a majority of Independent Directors. During the year, the Board has appointed an additional Independent Non-Executive Director and the Company currently comprising the majority of Independent Non-Executive Directors. Though the Chairman is not a Non-Executive Director, it is of the Board’s opinion that the Executive Chairman being the single largest shareholder has the advantage of shareholder leadership and alignment of interest. In addition, the Executive Chairman is the founder of the Group with extensive knowledge and experience and he

## CORPORATE GOVERNANCE STATEMENT

is competent to lead the Group to achieve higher profitability and continuous growth to the advantage of the Group and all its stakeholders. In respect of potential conflicts of interest, the Board ensures that all related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. All interested Directors are required to abstain from decision making.

The presence of Independent Directors which comprise majority of the Board members is sufficient to provide the necessary checks and balances on the decision making process of the Board. They possess integrity and extensive experience to provide independent and unbiased views at Board's deliberations and fair judgment to safeguard the interest of the Company and shareholders. They consistently challenged the Management and the Board in an effective and constructive manner and therefore are able to function as checks and balances and bring in justified opinions to the Board. The Executive Chairman also encourages healthy debates on important issues and promotes active participation by Board members.

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

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

The composition and size of the Board is reviewed from time to time and assessed annually to ensure its appropriateness and effectiveness. The Board also undertakes annual assessment of its Independent Directors to ensure the current Independent Directors are able to exercise independent judgments and act in the best interest of the Company.

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

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

The Board delegates the business strategies and operations of the Group to the Executive Chairman and the CEO/MD who have vast experience in the business of the Group. The Board is assisted by a Management team knowledgeable in the Group's business operations. The primary responsibility of the Board is setting policies appropriate for the business, overseeing the proper conduct of business, monitoring management performance targets, approving budget, planning succession, overseeing risk management, internal control, management information systems, statutory matters and shareholders' communication.

The Directors have a diverse set of skills, experience and knowledge necessary to govern the Group. The Non-Executive Directors are well-versed and experienced in various fields which include finance, accounting, economics, marketing, public administration and human resource. Together they bring a wide range of competencies, capabilities and relevant business experience to ensure that the Group's business is operationally competitive and sustainable.

CORPORATE GOVERNANCE STATEMENT

**4. Board Meetings**

The Board conducts at least four (4) scheduled meetings annually, with additional meetings convened as and when necessary. During the financial year ended 31 December 2015, five (5) Board meetings were held. The CEO/MD tabled and presented comprehensive reports, including the Group's financial statements versus budget and financial ratios for the Board's deliberation. Other topics included operating activities of the Group, strategic plans and policies, investment and divestment decisions, future business planning and capital expenditure. Proceedings of the Board meetings are recorded by the Company Secretary. Minutes of each Board meeting are circulated to each Director prior to confirmation of the minutes by the Executive Chairman in the next Board meeting. Minutes and resolutions passed at each meeting are kept in the statutory register at the registered office of the Company. The daily operational matters that require immediate Board decision will be sought via Directors' circular resolutions, supported by full detailed information. The Board ratifies the circular resolutions at the subsequent Board meeting.

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

<b>Board of Directors</b>	<b>Feb 2015</b>	<b>May 2015</b>	<b>Aug 2015</b>	<b>Nov 2015</b>	<b>Total</b>
Tan Sri Dato' Seri H'ng Bok San Chairman	•	•	••	•	5/5
Dato' Kenneth H'ng Bak Tee CEO/MD	•	•	••	•	5/5
Dato' Harry H'ng Bak Seah Non-Executive Director	•	•	••	•	5/5
Datin Jessica H'ng Hsieh Ling Non-Executive Director	•	x	• x	•	3/5
Mr. Chew Hock Lin Independent Non-Executive Director	•	•	••	•	5/5
Dato' Ismail Bin Hamzah Independent Non-Executive Director	•	•	••	•	5/5
Mr. Lai Chang Hun Independent Non-Executive Director	•	•	••	•	5/5
En. Wan Ismail Bin Wan Nik Independent Non-Executive Director	•	•	••	•	5/5
Dato' Gan Kong Meng Independent Non-Executive Director	N/A	N/A	••	•	3/3

**5. Supply of Information**

All Directors of the Company have full access to information concerning the Company and the Group. They are provided with the agenda of Board meetings together with the Board papers containing financial, performance and progress reports and other relevant information prior to the scheduled Board meetings. The Directors would also seek the advice and services of the Senior Management or other external consultants/independent professionals in the discharge of their duties and to clear any doubt or concern, if deemed necessary.

All Directors have access to the services of the Company Secretary especially relating to procedural and regulatory requirements. The Board is regularly updated on the changes and amendments to the statutory and regulatory requirements. The Directors may seek independent advice, where necessary so as to ensure they are able to make independent and informed decisions. In assisting the Board, the Company

## CORPORATE GOVERNANCE STATEMENT

Secretary undertakes responsibilities in preparing agendas with the Executive Chairman and the CEO/MD and notifying all Directors, ensuring effective meeting flows, advising the Board on the implementation of the Code, monitoring compliance of principles and practices, keeping abreast, enhancing and ensuring high standards of corporate governance.

### 6. Board Committees

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

The Audit Committee assists the Board in reviewing the results of internal and external audit activities and to ensure compliance with all applicable accounting standards and policies and the requirement of relevant regulatory authorities.

The terms of reference of the Audit Committee are available for reference at [www.guh.com.my](http://www.guh.com.my) and the summary of activities are set out in the Audit Committee Report on pages 41 to 44.

The Risk Management Committee assists the Board in its risk management, identification of risks related to current business and control measures, new investments and/or divestment decisions. Risk Management Committee convenes meetings for the purpose of identifying, evaluating and managing significant risks and determining appropriate action plans with the support from the Senior Management of all the Group's business divisions.

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

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

The terms of reference of the Nomination Committee are available for reference at [www.guh.com.my](http://www.guh.com.my).

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

The terms of reference of the Remuneration Committee are available for reference at [www.guh.com.my](http://www.guh.com.my).

CORPORATE GOVERNANCE STATEMENT

7. Appointment to the Board

Nomination Committee

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

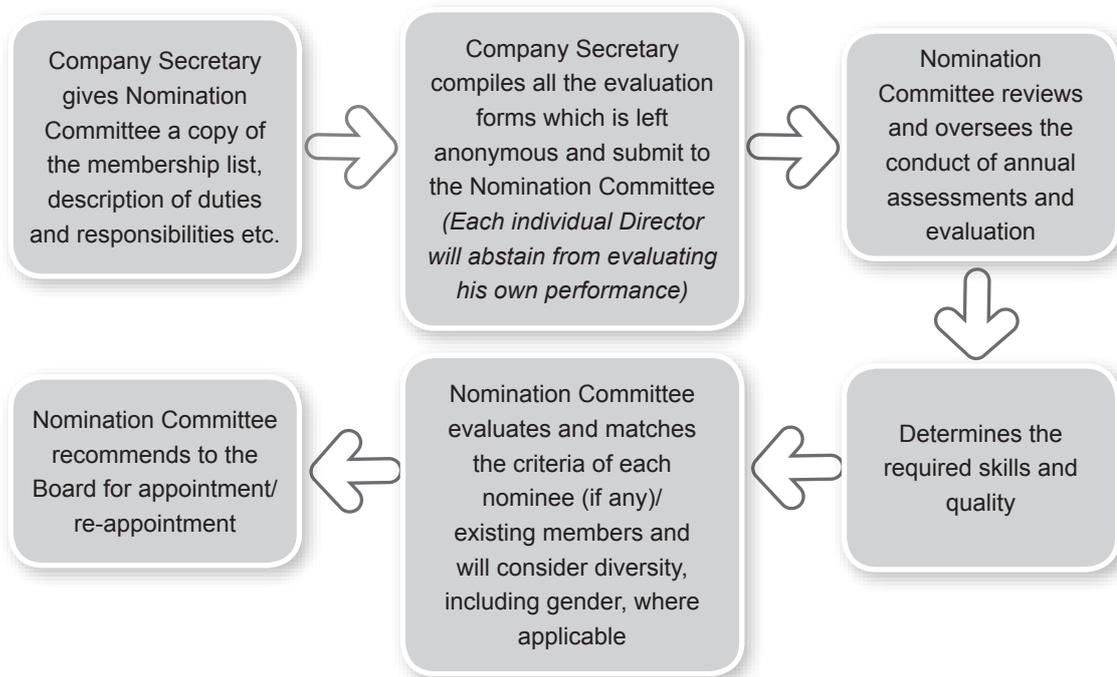
Dato' Ismail Bin Hamzah - Chairman  
*Independent Non-Executive Director*

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

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

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

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



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

During the financial year ended 31 December 2015, the Nomination Committee conducted two (2) meetings and assisted the Board on the following functions:

- i) Assessed and proposed a new nominee for the Board's consideration and approval;

CORPORATE GOVERNANCE STATEMENT

- ii) Recommended on the re-election of Directors who retire pursuant to Article 99 of the Company's Articles of Association;
- iii) Recommended on the re-election of Director who retires pursuant to Article 103 of the Company's Articles of Association;
- iv) Recommended on the re-appointment of Directors who retire pursuant to Section 129 of the Companies Act, 1965;
- v) Assessed the independence of the Independent Directors;
- vi) Recommended on the retention of Independent Directors who had served the Company for more than nine (9) years term;
- vii) Reviewed the Board structure, size, necessary skills, qualities and experience;
- viii) Reviewed the assessment and performance of individual Director and the Board Committees.

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

Nomination Committee	May 2015	Nov 2015	Total
Dato' Ismail Bin Hamzah, Chairman	•	•	2/2
Mr. Chew Hock Lin, Member	•	•	2/2
Mr. Lai Chang Hun, Member	•	•	2/2

The Board of GUH currently has one female Director. The gender diversity policy cover the entire workforce of the Group shall always provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation across the workforce of the Group.

**8. Re-election and Re-appointment of Directors**

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

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

Pursuant to 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. Mr. Chew Hock Lin, Mr. Lai Chang Hun and Tan Sri Dato' Seri H'ng Bok San will be seeking re-appointment under the said provision at this 52nd Annual General Meeting.

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

## CORPORATE GOVERNANCE STATEMENT

as well as their assessment on independence which had been carried out for the financial year ended 31 December 2015. They are Dato' Ismail Bin Hamzah, En. Wan Ismail Bin Wan Nik, Mr. Chew Hock Lin and Mr. Lai Chang Hun.

### 9. Directors' Training

Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a newly appointed Director is required to attend the Mandatory Accreditation Programme ("MAP") within four (4) months of his/her appointment. Dato' Gan Kong Meng, who was appointed as a Director of GUH on 1 June 2015 had completed the MAP within the stipulated time. All Directors of GUH will continue to attend various professional programmes which is necessary to enhance their professionalism in the discharge of their duties for the interest of the Group.

Details of courses and training attended by Directors of the Company during the financial year ended 31 December 2015 are set out as follows:

#### **Tan Sri Dato' Seri H'ng Bok San**

- Allowed Financial Assistance & Benefits to Directors

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

- Company Limited by Guarantee Under Companies Act 1965
- Financial Planning Outlook and Strategies in 2015
- The Interplay between CG, NFI and Investment Decision
  - What Boards of Listed Companies Need to know
- Strategic Tax Planning for Corporate Restructuring

#### **Dato' Harry H'ng Bak Seah**

- Managing Boardroom Dynamics in Turbulent Times

#### **Datin Jessica H'ng Hsieh Ling**

- The Board Role in Governance & Audit Committee Oversight Responsibilities
  - Passion Beyond Numbers

#### **Mr. Chew Hock Lin**

- The Board Role in Governance & Audit Committee Oversight Responsibilities
  - Passion Beyond Numbers
- Allowed Financial Assistance & Benefits to Directors

#### **Dato' Ismail Bin Hamzah**

- Lead the Change – Getting Women On Boards
- Implementing Investor Relations Strategies
- Board Chairman Series
  - Tone from the Chair and Establishing Boundaries

#### **Mr. Lai Chang Hun**

- Allowed Financial Assistance & Benefits to Directors

#### **En. Wan Ismail Bin Wan Nik**

- Green Business Finance Potential : Understand the nature and overcome challenges

#### **Dato' Gan Kong Meng**

- Mandatory Accreditation Programme for Directors of Public Listed Companies

CORPORATE GOVERNANCE STATEMENT

II. REMUNERATION

Remuneration Committee

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

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

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

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

1. Directors' Remuneration

The Remuneration Committee convenes meeting at least once a year and may be requested as and when necessary. The Remuneration Committee is responsible for ensuring that the compensation and other benefits will encourage Executive Directors to act in ways that enhance the Company's long-term profitability and value. The Remuneration Committee and the Board are mindful that the remuneration for the Executive Directors should be attractive and fairly compensated to maintain high quality individuals in the Board to run the Group successfully. None of the Executive Directors participates in any way in determining their individual remuneration.

During the financial year ended 31 December 2015, the Remuneration Committee had one meeting to discuss and recommend to the Board for approval the remuneration package of the Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter of the Board as a whole. In respect of the payment of Directors' fees, it is recommended to the shareholders for approval at the Annual General Meeting of the Company. The Director's fee is proposed at RM55,000 per annum per Director. The Company reimburses expenses incurred by the Directors for attending the Board and Committee meetings.

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

Remuneration Committee	Nov 2015	Total
Dato' Ismail Bin Hamzah, Chairman	•	1/1
Mr. Chew Hock Lin, Member	•	1/1
Dato' Kenneth H'ng Bak Tee, Member	•	1/1

CORPORATE GOVERNANCE STATEMENT

Details of the Directors' remuneration for the financial year ended 31 December 2015 are categorized into appropriate components as follows:

RM'000	Executive Directors	Non-Executive Directors
Salaries & EPF	2,384	-
Fees	135	362
Bonus	1,312	-
Meeting Allowances	-	42
Ex-Gratia Benefits Receivable	501	-
Benefits In-Kind	15	-
<b>Total</b>	<b>4,347</b>	<b>404</b>

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

	Executive Directors	Non-Executive Directors
RM30,000 – RM50,000	-	1
RM50,000 – RM100,000	-	6
RM1,500,001 – RM1,550,000	1	-
RM2,800,001 – RM2,850,000	1	-
<b>Total</b>	<b>2</b>	<b>7</b>

### III. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

#### 1. Relationship with Shareholders/Investors

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

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

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

General meeting serves as a principal forum for dialogue with shareholders and is conducted annually for the shareholders' participation, both individual and institutional to discuss, consider and if thought fit, to pass the businesses of the Company. The shareholders are at liberty to raise questions while the Directors will provide answers and clarifications during the Company's Annual General Meeting. The Management of the Company also had conferences and meetings with the research analysts and fund managers to provide updates on the latest developments within the Group and to give the best information possible so that they can accurately apply it to evaluate the Company.

## CORPORATE GOVERNANCE STATEMENT

### IV. ACCOUNTABILITY AND AUDIT

#### 1. Financial Reporting

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

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

#### 2. Directors' Responsibility Statement

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

In preparing the financial statements for the financial year ended 31 December 2015, the Directors have selected and used appropriate accounting policies and applied them consistently; made judgments and estimates that are reasonable and prudent; and ensured that all applicable approved accounting standards have been complied.

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

#### 3. Risk Management and Internal Control

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

The Statement on Risk Management and Internal Control which provides an overview of the risk management framework and the state of internal control within the Group is disclosed on pages 38 to 40.

#### 4. Internal Audit Function

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

Thus, the Internal Audit has added value by improving the Group's operations through provision of consulting

## CORPORATE GOVERNANCE STATEMENT

services and independent and objective evaluation of the control processes in the Group.

Details of the Group's Internal Audit Function and responsibilities are set out in the statement of Internal Audit Function of the Audit Committee Report on pages 41 to 44.

### **5. Relationship with External Auditors**

The Audit Committee has been delegated with responsibilities on behalf of the Board, to meet with the Group's External Auditors, Messrs. Crowe Horwath to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. The Board also maintains cordial and formal relationship with the External Auditors. During the financial year, the External Auditors were invited to attend three (3) meetings with the Audit Committee. The Board and the Management will not interfere with the meeting between the Audit Committee and the External Auditors to ensure free liaison and unrestricted communication. The External Auditors were also invited to attend the Company's Annual General Meeting on 19 May 2015 in order to clarify shareholders' queries where necessary.

During the financial year, the Audit Committee had undertaken an assessment to assess the suitability and independence of External Auditors. The criteria for the assessment include among others, quality of services, sufficiency of resources, communication and interaction, and independence and interaction.

### **6. Non-Audit Fees**

The amount of non-audit fees incurred for services rendered to the Group by the External Auditors and their affiliated companies for the financial year ended 31 December 2015 amounted to RM432,000. This amount included certain non-recurring services (such as financial due diligence, transfer pricing and GST advisory services) totalling RM389,000.

### **7. Related Party Transactions**

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

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

Significant related party transactions of the Group for the financial year are disclosed in Note 25 to the Financial Statements and the Additional Disclosure on page 36.

For all other transactions with any related parties which do not fall within the ambit of the above disclosure, will be subject to other applicable provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Companies Act, 1965 and/or any other applicable law.

## CORPORATE GOVERNANCE STATEMENT

### 8. Share Buy-Back

Details of the share buy-back transactions are set out under the Schedule of Share Buy-Back on page 37.

### 9. Material Contract

On 9 September 2015, one of the wholly-owned subsidiaries of GUH known as GUH Realty Sdn. Bhd. entered into a Sale and Purchase Agreement for the acquisition of two contiguous pieces of freehold vacant land held under Lot 1377 and Lot 1690, Mukim 12 at Tempat Ladang Valdor, Daerah Seberang Perai Selatan, Penang measuring approximately 12.06 acres, one from a related party known as Leader Holdings Sdn. Bhd. and another one from a third party for a total consideration of approximately RM22.6 million.

On 19 November 2015, GUH acquired the entire issued and paid up share capital of GUH Capital Sdn. Bhd. comprising 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00, making it a wholly-owned subsidiary of GUH.

## V. COMPLIANCE STATEMENT

### 1. Additional Information

Save as aforesaid disclosed, none of the following transactions have been entered by the Company during the financial year ended 31 December 2015:

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

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

This Corporate Governance Statement is made in accordance with a resolution of the Board of Directors dated 8 April 2016.

ADDITIONAL DISCLOSURE

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

At the 51st Annual General Meeting held on 19 May 2015, the Company obtained its shareholders' mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as disclosed in the Circular to Shareholders dated 27 April 2015.

In accordance with Section 3.1.5 of the Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions transacted during the financial year ended 31 December 2015 pursuant to shareholders' mandate are disclosed as follows:

Transacting Party of the Group	Transacting Party	Nature of Relationship	Nature of Transactions	Actual Value Transacted from 19 May 2015 to 31 December 2015
GUH Circuit Industry (PG) Sdn. Bhd. (Recipient & Provider)	Kiyamas Chemical Sdn. Bhd. ["KCSB"] (Provider & Recipient)	Lizheng Holdings Sdn. Bhd. has a direct shareholding of approximately 28.3% in (*)Kiyamas Holdings Sdn. Bhd.		<b>RM 4,383,845.71</b> (Approved Limit: RM8,000,000.00)
GUH Circuit Industry (PG) Sdn. Bhd. (Recipient)	Kiyamas Capital Sdn. Bhd. (formerly known as Kiyamas Trading & Services Sdn. Bhd. ["KCAPSB"] (Provider)	Gan Chern Nee has a direct shareholding of approximately 8.3% in (*) Kiyamas Holdings Sdn. Bhd.	Transactions of raw materials, goods and services	<b>RM 47,917.00</b> (Approved Limit: RM500,000.00)
GUH Circuit Industry (PG) Sdn. Bhd. (Recipient)	Kyosha Precision Engineering Sdn. Bhd. ["Kyosha"] (Provider)	H'ng Chun Li is a Director of Kyosha	Provision of precision engineering and fabrication of parts	<b>RM 170,686.92</b> (Approved Limit: RM500,000.00)

**Notes:**

(\*) Kiyamas Holdings Sdn. Bhd. is the Holding Company of KCSB and KCAPSB.

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

## SCHEDULE OF SHARE BUY-BACK

### SHARE BUY-BACK DURING THE FINANCIAL YEAR

Pursuant to the Share Buy-Back Authority given by its shareholders, the Company purchased its own share and kept as treasury shares up to 13,794,300 as at 31 December 2014. At the 51st Annual General Meeting (“AGM”) held on 19 May 2015, the Company obtained the renewal authority to purchase its own shares up to the maximum of 10% of its total issued and paid-up share capital at the point of purchase. This authority will lapse upon the conclusion of the forthcoming 52nd AGM, unless a renewal mandate is given by its shareholders.

Details on the purchases made by the Company of its own shares for the financial year ended 31 December 2015 up to the latest practicable date prior to the printing of this Annual Report, are set out as follows:

<b>Monthly Breakdown</b>	<b>No. of Shares Purchased and Retained as Treasury Shares</b>	<b>Purchase Price Per Share</b>		<b>Average Cost Per Share RM</b>	<b>Total Cost RM</b>
		<b>Lowest RM</b>	<b>Highest RM</b>		
February	142,000	1.11	1.16	1.15	163,022.68
August	98,100	0.98	0.99	0.99	97,138.25
2015	240,100			1.08	260,160.93
February 2016	10,000	0.90	0.90	0.91	9,069.10

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Introduction

The Board is committed to maintaining a sound system of risk management and internal control in the Group and is pleased to provide the following Statement on Risk Management and Internal Control (“Statement”) that outlines the nature and scope of risk management and internal control of GUH Group during the financial year. The Statement has been prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, a publication issued by Bursa Malaysia Securities Berhad.

### Board’s Responsibility

The Board is responsible for the Group’s system of risk management and internal controls which include the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness to safeguard shareholders’ investment and the Group’s assets. In any system of risk management and internal control, the system is designed to manage and inadequacies that are known, rather than to totally eliminate the risk of failure to achieve the Group’s business and corporate objectives. Accordingly, the system can only provide reasonable, but not absolute assurance against material misstatement or loss.

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

### Risk Management and Internal Control

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

The Group has an in-house structured risk management framework for an on-going process in identifying, evaluating, monitoring and reporting the significant risks faced by the Group to ensure its system of internal control is carried out efficiently except for associate company which is not under the control of the Group. Such process is regularly reviewed and examined as and when there are significant new issues which require changes to be made to the current system and policies.

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

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

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

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Review of Risk Management and Internal Control System

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

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

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

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

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

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

### Principal Risk Management and Internal Control Features

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

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

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

### **Conclusion**

The Board affirms that the system of internal controls, with key features highlighted above is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, as well as the Group's assets.

The Board recognizes that the development of internal control system is an ongoing process and will continue to take appropriate action plans to further enhance the Group's system of internal control.

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

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report in the financial year ended 31 December 2015 pursuant to Recommended Practice Guide 5 (revised) issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that the Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed issuers to be set out, nor is factually inaccurate.

This Statement had been prepared in accordance with the Guidelines and had been approved by the Board on 8 April 2016.

## AUDIT COMMITTEE REPORT

The present members of the Audit Committee of GUH Holdings Berhad (“GUH” or “the Company”) are:

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

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

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

During the financial year, the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference. The Audit Committee held discussions with the External Auditors, Internal Auditors and relevant members of the Management and carried out the activities in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on their reviews made and discussions held.

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

### Composition

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

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

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

## AUDIT COMMITTEE REPORT

The Chairman of the Audit Committee, Mr. Chew Hock Lin who is also the Senior Independent Non-Executive Director of the Company is a member of the Chartered Accountants Australia and New Zealand, the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). The other members of the Audit Committee are Dato' Ismail Bin Hamzah, an Independent Non-Executive Director and Datin Jessica H'ng Hsieh Ling, a Non-Executive Director of the Company.

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

### Meetings and Minutes

The Audit Committee will meet as frequently as the Chairman shall decide in order to discharge its duties but no less than four (4) times a year. The Audit Committee members, Senior Management and the Internal Auditors shall normally attend meetings. External Auditors are also invited to attend the meetings. The External Auditors may request a meeting if they consider and deem necessary. Where circumstances arise, the Audit Committee members shall meet with the External Auditors without any Management and/ or executive officer of the Group being present.

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

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

During the financial year, five (5) meetings were held with the attendance of the CEO/Managing Director, head of Internal Audit, Senior Management and the Company Secretary. The Audit Committee also met with the External Auditors without the presence of the Management. The External Auditors attended three (3) meetings held during the financial year.

Details of the Audit Committee members attendance are tabled below:

Audit Committee	Feb 2015	Apr 2015	May 2015	Aug 2015	Nov 2015	Total
Mr. Chew Hock Lin, Chairman	•	•	•	•	•	5/5
Dato' Ismail Bin Hamzah, Member	•	•	•	•	•	5/5
Datin Jessica H'ng Hsieh Ling, Member	•	•	x	•	•	4/5

### Authority and Duties

The terms of reference of the Audit Committee are available for reference in the Company's website at [www.guh.com.my](http://www.guh.com.my).

### Summary of Activities for the Financial Year Ended 31 December 2015

The following activities were carried out by the Audit Committee:

## AUDIT COMMITTEE REPORT

### 1. Financial Results

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

### 2. External Audit

- Reviewed and approved the External Auditors audit plan and scope of work for the year and the evaluation of the system of internal control for tabling to the Board;
- Reviewed the findings of the External Auditors reports, particularly the issues raised in the management letter and ensured where appropriate, that the necessary corrective actions had been taken by the Management;
- Deliberated and reported the results of the annual audit to the Board;
- Assessed the performance of the External Auditors and recommended their appointment and remuneration to the Board;
- Met and discussed with the External Auditors if any important and major issue need to be highlighted without the presence of Management of the Company.

### 3. Internal Audit

- Reviewed and approved the annual risk-based Internal Audit Plans and tabled to the Board;
- Reviewed the Internal Audit reports, processes and results of internal audit to ensure appropriate actions were taken on the recommendations of the Internal Audit function;
- Assessed the performance of the Group's Internal Audit function and advised whether the appointment of additional Internal Audit staff is necessary;
- Deliberated the results of ad-hoc investigations and reports performed by the Internal Audit function and tabled to the Board.

### 4. Risk Management

- Reviewed the Risk Management Committee's reports and risk records from all business divisions of the Group and reported to the Board;
- Assessed the adequacy and effectiveness of the risk management framework and the appropriateness of Management's responses to key risk areas and highlighted to the Board.

### 5. Related Party Transactions

- Reviewed the procedures and processes established by the Company with regards to related party transactions and monitored the related party transactions every quarter;

## AUDIT COMMITTEE REPORT

- Reviewed the related party transactions within the Group to ensure that the transactions are fair, reasonable and not detrimental to the minority shareholders;
- Considered any conflict of interest situation that may arise within the Company or the Group during the financial year under review.

### 6. Annual Reporting

- Considered and recommended the statutory financial statements of the Group to the Board for approval;
- Reviewed the Audit Committee Report, reports on related party transactions and recurrent related party transactions, Corporate Governance Statement, Statement on Risk Management and Internal Control, Corporate Responsibility Statement, Sustainability Report, record on Share Buy-Back and any other statements of the Annual Reports and recommended to the Board for approval.

### INTERNAL AUDIT FUNCTION

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

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

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

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

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

The total costs incurred by the Internal Audit Function of the Group for 2015 is RM304,334 (2014: RM222,760).

This Audit Committee Report is made in accordance with a resolution of the Board of Directors dated 8 April 2016.

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2015. All values shown in this report are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

### PRINCIPAL ACTIVITIES

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

### RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:-		
- Owners of the Company	9,931	18,128
- Non-controlling interests	(3)	0
	<u>9,928</u>	<u>18,128</u>

### DIVIDENDS

During the financial year, the Company declared and paid an interim single tier dividend of 5.0 sen per share amounting to RM13,196,000 in respect of the financial year ended 31 December 2015.

The directors do not propose any final dividend in respect of the financial year ended 31 December 2015.

### RESERVES AND PROVISIONS

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

### ISSUE OF SHARES OR DEBENTURES

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

### OPTIONS GRANTED OVER UNISSUED SHARES

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

## DIRECTORS' REPORT

### PURCHASE OF OWN SHARES

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

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

	2015		2014	
	No. of Shares '000	Cost RM'000	No. of Shares '000	Cost RM'000
At 1 January	13,795	17,778	9,181	12,131
Shares purchased	240	260	4,614	5,647
At 31 December	<u>14,035</u>	<u>18,038</u>	<u>13,795</u>	<u>17,778</u>
Average unit cost for the year (RM)		<u>1.083</u>		<u>1.224</u>

The mandate given by the shareholders at the Annual General Meeting held on 19 May 2015 will expire at the forthcoming Annual General Meeting at which a resolution will be tabled for shareholders to grant a fresh mandate for another year.

### BAD AND DOUBTFUL DEBTS

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

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

### CURRENT ASSETS

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

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

## DIRECTORS' REPORT

### VALUATION METHODS

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

### CONTINGENT AND OTHER LIABILITIES

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

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

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

### CHANGE OF CIRCUMSTANCES

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

### ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT

**DIRECTORS OF THE COMPANY**

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

Tan Sri Dato' Seri H'ng Bok San, JP, PSM, DPPN, DGPN, DSPN, PKT, PJK  
 Dato' Kenneth H'ng Bak Tee, DPNS, DSPN, PKT, PJM  
 Dato' Harry H'ng Bak Seah, DSPN, PJK  
 Datin Jessica H'ng Hsieh Ling  
 Chew Hock Lin  
 Dato' Ismail Bin Hamzah, AMN, KMN, DMIP  
 Lai Chang Hun, DJN, PKT  
 Wan Ismail Bin Wan Nik  
 Dato' Gan Kong Meng, DSDK, PSPP, SDK, DJN, BCN, SMP, AMK, KMN, PPA (appointed on 1.6.2015)

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

Name of Director	Number of Ordinary Shares of RM1.00 each			At 31.12.2015
	At 1.1.2015	Bought	(Sold)	
Tan Sri Dato' Seri H'ng Bok San				
- Indirect <sup>(a)</sup>	30,802,825		0	30,802,825
- Indirect <sup>(b)</sup>	18,364,500	0	0	18,364,500
Dato' Kenneth H'ng Bak Tee				
- Indirect <sup>(b)</sup>	2,862,750	0	(796,200)	2,066,550
Dato' Harry H'ng Bak Seah				
- Direct	2,561,928	0	0	2,561,928
Datin Jessica H'ng Hsieh Ling				
- Direct	2,263,500	0	0	2,263,500
- Indirect <sup>(c)</sup>	30,802,825	0	0	30,802,825
Lai Chang Hun				
- Direct	2,737,932	0	0	2,737,932
- Indirect <sup>(b)</sup>	112,536	0	0	112,536
- Indirect <sup>(c)</sup>	3,464,344	0	0	3,464,344
Wan Ismail Bin Wan Nik				
- Direct	3,700,002	0	(52)	3,699,950

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

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

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

## DIRECTORS' REPORT

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

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

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 25 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 8 APRIL 2016

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

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

## STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 54 to 112 give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

In the opinion of the directors, the supplementary information set out on page 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 8 APRIL 2016**

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

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

## STATUTORY DECLARATION

I, Yeoh Saw Gaik, being the officer primarily responsible for the financial management of GUH Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 54 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 8 April  
2016

**Yeoh Saw Gaik**

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
GUH HOLDINGS BERHAD

## Report on the Financial Statements

We have audited the financial statements of GUH Holdings Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 54 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 requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
GUH HOLDINGS BERHAD

### Report on Other Legal and Regulatory Requirements

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

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

The supplementary information set out on page 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

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

Date: 8 April 2016

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	157,967	156,029
Investment properties	5	8,900	7,800
Goodwill	6	3,348	3,348
Investment in associate	8	7,367	5,083
Available-for-sale financial assets	9	7,880	305
Land held for property development	10	121,857	122,006
Deferred tax assets	11	224	0
		<u>307,543</u>	<u>294,571</u>
<b>CURRENT ASSETS</b>			
Property development costs	10	31,168	11,989
Accrued billings	10	6,396	5,997
Amounts due from customers for contract work	12	2,517	4,876
Inventories	13	44,250	41,831
Trade and other receivables	14	78,375	73,381
Prepayments		3,991	2,205
Current tax assets		4,207	1,835
Cash and cash equivalents	15	135,992	132,474
		<u>306,896</u>	<u>274,588</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	76,643	59,251
Amounts due to customers for contract work	12	93	659
Current tax liabilities		5,655	2,890
		<u>82,391</u>	<u>62,800</u>
<b>NET CURRENT ASSETS</b>		<b>224,505</b>	<b>211,788</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	11	14,097	12,073
<b>NET ASSETS</b>		<b><u>517,951</u></b>	<b><u>494,286</u></b>
<b>EQUITY</b>			
Share capital	17	277,905	277,905
Treasury shares	17	(18,038)	(17,778)
Reserves		258,073	234,145
Equity attributable to owners of the Company		<u>517,940</u>	<u>494,272</u>
Non-controlling interests	18	11	14
<b>TOTAL EQUITY</b>		<b><u>517,951</u></b>	<b><u>494,286</u></b>

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
Revenue	19	285,373	299,379
Cost of sales		(249,656)	(258,849)
Gross profit		<u>35,717</u>	<u>40,530</u>
Other operating income		9,921	8,468
Administrative expenses		(18,390)	(15,723)
Distribution expenses		(5,183)	(4,977)
Other operating expenses		(5,615)	(1,611)
Profit from operations		<u>16,450</u>	<u>26,687</u>
Finance costs		0	(5)
Share of profit of associate		2,224	6,955
Profit before tax	20	<u>18,674</u>	<u>33,637</u>
Tax expense	23	(8,746)	(13,124)
Profit for the financial year		<u>9,928</u>	<u>20,513</u>
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		9,931	20,513
- Non-controlling interests	18	<u>(3)</u>	<u>0</u>
		<u>9,928</u>	<u>20,513</u>
Earnings per share:-	24		
- Basic (sen)		<u>3.76</u>	<u>7.75</u>
- Diluted (sen)		<u>3.76</u>	<u>7.75</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015	2014
	RM'000	RM'000
Profit for the financial year	9,928	20,513
Other comprehensive income:-		
<i>Item that will not be reclassified to profit or loss:-</i>		
- Deferred tax income relating to change in tax rate	77	0
<i>Items that may be reclassified subsequently to profit or loss:-</i>		
- (Loss)/Gain on available-for-sale financial assets	(464)	263
- Currency translation differences for foreign operations	27,138	4,140
- Reclassification adjustments on:-		
- Derecognition of available-for-sale financial assets	(405)	(1,970)
- Impairment of available-for-sale financial assets	847	99
Other comprehensive income for the financial year	27,193	2,532
Total comprehensive income for the financial year	<u>37,121</u>	<u>23,045</u>
Total comprehensive income for the financial year attributable to:-		
- Owners of the Company	37,124	23,045
- Non-controlling interests	(3)	0
	<u>37,121</u>	<u>23,045</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 2015

	Non-distributable						Distributable*		Equity attributable to owners of the Company		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Capital reserve RM'000	Revaluation surplus RM'000	Fair value reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Non-controlling interests RM'000		
At 1 January 2014	277,905	(12,131)	87	0	38,852	1,609	14,898	168,859	490,079	0	490,079
Acquisition of subsidiary	0	0	0	0	0	0	0	0	0	14	14
Gain on available-for-sale financial assets	0	0	0	0	0	263	0	0	263	0	263
Currency translation differences for foreign operations	0	0	0	0	0	0	4,140	0	4,140	0	4,140
Reclassification adjustments on:-											
- Derecognition of available-for-sale financial assets	0	0	0	0	0	(1,970)	0	0	(1,970)	0	(1,970)
- Impairment of available-for-sale financial assets	0	0	0	0	0	99	0	0	99	0	99
Other comprehensive income for the financial year	0	0	0	0	0	(1,608)	4,140	0	2,532	0	2,532
Profit for the financial year	0	0	0	0	0	0	0	20,513	20,513	0	20,513
Total comprehensive income for the financial year	0	0	0	0	0	(1,608)	4,140	20,513	23,045	0	23,045
Purchase of own shares	0	(5,647)	0	0	0	0	0	0	(5,647)	0	(5,647)
Interim single tier dividend of 5.0 sen per share	0	0	0	0	0	0	0	(13,205)	(13,205)	0	(13,205)
Total transactions with owners	0	(5,647)	0	0	0	0	0	(13,205)	(18,852)	0	(18,852)
At 31 December 2014	277,905	(17,778)	87	0	38,852	1	19,038	176,167	494,272	14	494,286

\* Retained profits as at 31 December 2014 amounting to RM17,691,000, being the excess of treasury shares over share premium, were considered as non-distributable.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

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

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		18,674	33,637
Adjustments for:-			
Depreciation		14,208	16,045
Dividend income		(42)	(251)
Gain on derecognition of available-for-sale financial assets		(405)	(1,970)
Gain on disposal of investment properties		0	(380)
Gain on fair value adjustment of investment properties		(1,100)	(765)
Impairment loss on available-for-sale financial assets		847	99
Impairment loss on loans and receivables		2,736	184
Interest expense		0	5
Interest income		(4,674)	(4,505)
Inventories written down		360	108
Investments in club memberships written off		0	28
Loss on disposal of investments in club memberships		0	9
Loss on disposal of property, plant and equipment		79	48
Property, plant and equipment written off		198	7
Reversal of impairment loss on loans and receivables		(20)	0
Reversal of inventories written down		(130)	(235)
Share of profit of associate		(2,224)	(6,955)
Unrealised loss/(gain) on foreign exchange		286	(722)
Operating profit before working capital changes		28,793	34,387
Changes in:-			
Property development costs		(19,030)	4,181
Accrued billings		(399)	3,393
Amounts due from/to customers for contract work		1,793	1,054
Inventories		(2,649)	(7,168)
Receivables and prepayments		(11,109)	(7,936)
Payables		16,564	936
Cash generated from operations		13,963	28,847
Interest paid		0	(5)
Tax paid		(8,091)	(15,737)
Tax refunded		282	698
Net cash from operating activities		6,154	13,803

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

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

	Note	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiary, net of cash acquired		0	(70,631)
Dividends received		2,499	13,153
Interest received		4,674	4,505
Proceeds from disposal of available-for-sale financial assets		8,931	21,073
Proceeds from disposal of investment properties		0	850
Proceeds from disposal of investments in club memberships		0	114
Proceeds from disposal of property, plant and equipment		32	302
Purchase of available-for-sale financial assets		(16,970)	(4,021)
Purchase of property, plant and equipment		(5,355)	(12,805)
Net cash used in investing activities		(6,189)	(47,460)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Changes in term deposits pledged as security		217	190
Dividend paid		(13,196)	(13,205)
Purchase of own shares		(260)	(5,647)
Repayment of hire purchase obligations		0	(136)
Net cash used in financing activities		(13,239)	(18,798)
Currency translation differences		17,009	1,857
Net increase/(decrease) in cash and cash equivalents		3,735	(50,598)
Cash and cash equivalents brought forward		129,515	180,113
Cash and cash equivalents carried forward	15	133,250	129,515

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

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	847	1,103
Investment properties	5	23,125	21,200
Investments in subsidiaries	7	201,927	203,982
Investment in associate	8	3,023	3,023
Available-for-sale financial assets	9	7,830	255
		<u>236,752</u>	<u>229,563</u>
<b>CURRENT ASSETS</b>			
Receivables	14	178,890	156,092
Prepayments		224	23
Current tax assets		3	7
Cash and cash equivalents	15	6,073	29,083
		<u>185,190</u>	<u>185,205</u>
<b>CURRENT LIABILITIES</b>			
Payables	16	29,131	26,704
		<u>29,131</u>	<u>26,704</u>
<b>NET CURRENT ASSETS</b>		<b>156,059</b>	<b>158,501</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	11	550	453
<b>NET ASSETS</b>		<b><u>392,261</u></b>	<b><u>387,611</u></b>
<b>EQUITY</b>			
Share capital	17	277,905	277,905
Treasury shares	17	(18,038)	(17,778)
Reserves		132,394	127,484
<b>TOTAL EQUITY</b>		<b><u>392,261</u></b>	<b><u>387,611</u></b>

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

STATEMENT OF PROFIT OR LOSS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
Revenue	19	28,212	57,958
Cost of services		(6,080)	(5,950)
Gross profit		22,132	52,008
Other operating income		2,330	7,430
Administrative expenses		(1,639)	(1,532)
Other operating expenses		(4,598)	(691)
Profit before tax	20	18,225	57,215
Tax expense	23	(97)	0
Profit for the financial year		18,128	57,215

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

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015	2014
	RM'000	RM'000
Profit for the financial year	18,128	57,215
Other comprehensive income:-		
<i>Items that will not be reclassified to profit or loss:-</i>		
- Gross revaluation increase of properties	0	6,600
- Deferred tax effects thereof	0	(330)
<i>Items that may be reclassified subsequently to profit or loss:-</i>		
- (Loss)/Gain on available-for-sale financial assets	(464)	263
- Reclassification adjustments on:-		
- Derecognition of available-for-sale financial assets	(405)	(1,970)
- Impairment of available-for-sale financial assets	847	99
Other comprehensive income for the financial year	(22)	4,662
Total comprehensive income for the financial year	18,106	61,877

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

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Non-distributable				Distributable*		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Revaluation surplus RM'000	Fair value reserve RM'000	Retained profits RM'000	
At 1 January 2014	277,905	(12,131)	87	2,345	1,609	74,771	344,586
Gross revaluation increase of properties	0	0	0	6,600	0	0	6,600
Deferred tax effects thereof	0	0	0	(330)	0	0	(330)
Gain on available-for-sale financial assets	0	0	0	0	263	0	263
Reclassification adjustments on:-							
- Derecognition of available-for-sale financial assets	0	0	0	0	(1,970)	0	(1,970)
- Impairment of available-for-sale financial assets	0	0	0	0	99	0	99
Other comprehensive income for the financial year	0	0	0	6,270	(1,608)	0	4,662
Profit for the financial year	0	0	0	0	0	57,215	57,215
Total comprehensive income for the financial year	0	0	0	6,270	(1,608)	57,215	61,877
Purchase of own shares	0	(5,647)	0	0	0	0	(5,647)
Interim single tier dividend of 5.0 sen per share	0	0	0	0	0	(13,205)	(13,205)
Total transactions with owners	0	(5,647)	0	0	0	(13,205)	(18,852)
At 31 December 2014	277,905	(17,778)	87	8,615	1	118,781	387,611

\* Retained profits as at 31 December 2014 amounting to RM17,691,000, being the excess of treasury shares over share premium, were considered as non-distributable.

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

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

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

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

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

STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		18,225	57,215
Adjustments for:-			
Depreciation		290	204
Dividend income		(22,771)	(51,335)
Gain on derecognition of available-for-sale financial assets		(405)	(1,970)
Gain on fair value adjustment of investment properties		(1,925)	0
Impairment loss on available-for-sale financial assets		847	99
Impairment loss on investments in subsidiaries		2,055	0
Interest income		(709)	(1,292)
Investments in club memberships written off		0	8
Reversal of impairment loss on investments in subsidiaries		0	(4,854)
Reversal of impairment loss on loans and receivables		0	(607)
Unrealised loss on foreign exchange		1,082	0
Operating loss before working capital changes		(3,311)	(2,532)
Changes in:-			
Receivables and prepayments		(8,142)	(61,889)
Payables		1,336	1,523
Cash absorbed by operations		(10,117)	(62,898)
Tax paid		(6)	(7)
Tax refunded		10	424
Net cash used in operating activities		(10,113)	(62,481)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received		7,914	50,202
Interest received		709	1,292
Proceeds from disposal of available-for-sale financial assets		8,931	21,073
Proceeds from disposal of property, plant and equipment		0	15
Purchase of available-for-sale financial assets		(16,970)	(4,021)
Purchase of property, plant and equipment		(34)	(773)
Net cash from investing activities		550	67,788
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(13,196)	(13,205)
Purchase of own shares		(260)	(5,647)
Net cash used in financing activities		(13,456)	(18,852)
Currency translation differences		9	0
Net decrease in cash and cash equivalents		(23,010)	(13,545)
Cash and cash equivalents brought forward		29,083	42,628
Cash and cash equivalents carried forward	15	6,073	29,083

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 1. GENERAL INFORMATION

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

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

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

The consolidated financial statements set out on pages 54 to 60 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 61 to 66 together with the notes thereto cover the Company solely.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 8 April 2016.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation of Financial Statements

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

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

FRS	Effective for annual periods beginning on or after
Amendments to FRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to FRSs contained in the document entitled " <i>Annual Improvements to FRSs 2010 - 2012 Cycle</i> "	1 July 2014
Amendments to FRSs contained in the document entitled " <i>Annual Improvements to FRSs 2011 - 2013 Cycle</i> "	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

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

**2.2 Future Accounting Standards**

**Financial Reporting Standards**

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

FRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
FRS 9 <i>Financial Instruments</i> (IFRS 9 <i>Financial Instruments</i> as issued by IASB in July 2014)	1 January 2018
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRSs contained in the document entitled " <i>Annual Improvements to FRSs 2012 - 2014 Cycle</i> "	1 January 2016

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

*FRS 9 Financial Instruments*

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

#### Malaysian Financial Reporting Standards

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

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

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

### 2.3 Business Combinations

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

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

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

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

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.10. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.4 Basis of Consolidation

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

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

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

### 2.5 Property, Plant and Equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.10.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

**2.5 Property, Plant and Equipment (cont'd)**

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

**2.6 Investment Properties**

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

**2.7 Investments in Subsidiaries**

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.10.

**2.8 Investment in Associate**

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

In the consolidated financial statements, investment in associate is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the carrying amount of the investment is subject to further impairment assessment. The impairment policy is disclosed in Note 2.10.

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 2.10.

**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 2.10. The portion of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle is classified as non-current assets.

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

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

**2.10 Impairment of Non-financial Assets**

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

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

**2.11 Construction Contracts**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 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.

#### Recognition and Measurement

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

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

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

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

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

#### (iii) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

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

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

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

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

**Impairment**

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 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.

### 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.

##### (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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 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.

### 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.17 Fair Value Measurement

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

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

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

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

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

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

#### Non-financial Assets

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

#### Financial Assets and Financial Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.18 Income Recognition

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

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

Property development revenue is recognised in accordance with Note 2.9.

Contract revenue is recognised in accordance with Note 2.11.

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.

### 2.19 Employee Benefits

#### Short-term Employee Benefits

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

#### Defined Contribution Plans

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

#### Ex-gratia Benefits

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

### 2.20 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

**2.20 Income Taxes (cont'd)**

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

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

**2.21 Cash and Cash Equivalents**

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

**3. JUDGEMENTS AND ESTIMATION UNCERTAINTY**

**Judgements Made in Applying Accounting Policies**

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

Impairment of available-for-sale financial assets

When there is a significant or prolonged decline in the fair value of an investment in equity instrument classified as available-for-sale, the cumulative decline represents an impairment loss. The determination of what constitutes "significant or prolonged" requires judgement. In making this judgement, management continuously evaluates the historical share price movements and the duration and extent of the decline in fair value below cost. For the financial year ended 31 December 2015, the Group and the Company have recognised impairment loss of RM847,000 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:-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

**Sources of Estimation Uncertainty (cont'd)**

Property development activities

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

Construction contracts

The Group recognises contract revenue and contract costs by reference to the stage of completion of the contract activity. The determination of the stage of completion involves estimating the outcome of the contract activity based on past experience and work of specialists. The carrying amounts of assets and liabilities arising from construction contracts are disclosed in Note 12.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Plantation development expenditure and estate improvement RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Cost/Valuation</u>							
At 1 January 2014	106,667	181,746	8,164	5,156	792	0	302,525
Additions	4,663	5,709	1,238	1,195	0	0	12,805
Disposals/Write-offs	0	(3,587)	(613)	(368)	0	0	(4,568)
Currency translation differences	2,016	3,171	127	30	0	0	5,344
At 31 December 2014	113,346	187,039	8,916	6,013	792	0	316,106
Representing:-							
- Cost	5,042	187,039	8,916	6,013	792	0	207,802
- Valuation	108,304	0	0	0	0	0	108,304
	113,346	187,039	8,916	6,013	792	0	316,106
At 1 January 2015	113,346	187,039	8,916	6,013	792	0	316,106
Additions	845	3,601	173	279	0	457	5,355
Disposals/Write-offs	0	(18,225)	(1,867)	(232)	0	0	(20,324)
Currency translation differences	8,763	14,012	546	128	0	0	23,449
At 31 December 2015	122,954	186,427	7,768	6,188	792	457	324,586
Representing:-							
- Cost	5,887	186,427	7,768	6,188	792	457	207,519
- Valuation	117,067	0	0	0	0	0	117,067
	122,954	186,427	7,768	6,188	792	457	324,586
<u>Depreciation and Impairment Losses</u>							
At 1 January 2014							
Accumulated depreciation	0	135,879	5,219	3,627	261	0	144,986
Accumulated impairment losses	379	7	26	0	0	0	412
	379	135,886	5,245	3,627	261	0	145,398
Depreciation	4,926	9,818	643	610	48	0	16,045
Disposals/Write-offs	0	(3,367)	(476)	(368)	0	0	(4,211)
Currency translation differences	193	2,548	79	25	0	0	2,845
At 31 December 2014							
Accumulated depreciation	5,119	144,878	5,465	3,894	309	0	159,665
Accumulated impairment losses	379	7	26	0	0	0	412
	5,498	144,885	5,491	3,894	309	0	160,077
Depreciation	5,514	7,320	683	643	48	0	14,208
Disposals/Write-offs	0	(18,041)	(1,848)	(126)	0	0	(20,015)
Currency translation differences	819	11,082	340	108	0	0	12,349
At 31 December 2015							
Accumulated depreciation	11,452	145,239	4,640	4,519	357	0	166,207
Accumulated impairment losses	379	7	26	0	0	0	412
	11,831	145,246	4,666	4,519	357	0	166,619

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

Group

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Plantation development expenditure and estate improvement RM'000	Capital work-in-progress RM'000	Total RM'000
<u>Carrying Amount</u>							
At 1 January 2014	106,288	45,860	2,919	1,529	531	0	157,127
At 31 December 2014	107,848	42,154	3,425	2,119	483	0	156,029
At 31 December 2015	111,123	41,181	3,102	1,669	435	457	157,967

The details of land and buildings are as follows:-

Group

	Freehold land RM'000	Short-term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Cost/Valuation</u>				
At 1 January 2014	21,200	30,984	54,483	106,667
Additions	3,450	0	1,213	4,663
Currency translation differences	0	752	1,264	2,016
At 31 December 2014	24,650	31,736	56,960	113,346
Representing:-				
- Cost	3,450	0	1,592	5,042
- Valuation	21,200	31,736	55,368	108,304
	24,650	31,736	56,960	113,346
At 1 January 2015	24,650	31,736	56,960	113,346
Additions	0	0	845	845
Currency translation differences	0	3,269	5,494	8,763
At 31 December 2015	24,650	35,005	63,299	122,954
Representing:-				
- Cost	3,450	0	2,437	5,887
- Valuation	21,200	35,005	60,862	117,067
	24,650	35,005	63,299	122,954

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

Group

	Freehold land RM'000	Short-term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Depreciation and Impairment Losses</u>				
At 1 January 2014				
Accumulated depreciation	0	0	0	0
Accumulated impairment losses	0	0	379	379
	0	0	379	379
Depreciation	0	988	3,938	4,926
Currency translation differences	0	34	159	193
At 31 December 2014				
Accumulated depreciation	0	1,022	4,097	5,119
Accumulated impairment losses	0	0	379	379
	0	1,022	4,476	5,498
Depreciation	0	1,083	4,431	5,514
Currency translation differences	0	143	676	819
At 31 December 2015				
Accumulated depreciation	0	2,248	9,204	11,452
Accumulated impairment losses	0	0	379	379
	0	2,248	9,583	11,831
<u>Carrying Amount</u>				
At 1 January 2014	21,200	30,984	54,104	106,288
At 31 December 2014	24,650	30,714	52,484	107,848
At 31 December 2015	24,650	32,757	53,716	111,123

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

	Group	
	2015 RM'000	2014 RM'000
Freehold land	15,582	15,582
Short-term leasehold land	6,182	5,558
Buildings	43,107	42,864
	<u>64,871</u>	<u>64,004</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

Company

	Freehold land RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>				
At 1 January 2014	0	133	1,387	1,520
Additions	0	35	738	773
Disposals/Write-offs	0	(14)	(61)	(75)
Transfer from assets held for sale	14,600	0	0	14,600
Revaluation	6,600	0	0	6,600
Transfer to investment properties	(21,200)	0	0	(21,200)
At 31 December 2014	0	154	2,064	2,218
Additions	0	34	0	34
Disposals/Write-offs	0	(25)	0	(25)
At 31 December 2015	0	163	2,064	2,227
<u>Accumulated Depreciation</u>				
At 1 January 2014	0	108	863	971
Depreciation	0	16	188	204
Disposals/Write-offs	0	(14)	(46)	(60)
At 31 December 2014	0	110	1,005	1,115
Depreciation	0	18	272	290
Disposals/Write-offs	0	(25)	0	(25)
At 31 December 2015	0	103	1,277	1,380
<u>Carrying Amount</u>				
At 1 January 2014	0	25	524	549
At 31 December 2014	0	44	1,059	1,103
At 31 December 2015	0	60	787	847

**5. INVESTMENT PROPERTIES**

Group

	Freehold land RM'000	Buildings RM'000	Total RM'000
<u>Fair Value</u>			
At 1 January 2014	5,420	1,615	7,035
Fair value adjustments	490	275	765
At 31 December 2014	5,910	1,890	7,800
Fair value adjustments	960	140	1,100
At 31 December 2015	6,870	2,030	8,900

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

Company

	Freehold land RM'000
<u>Fair Value</u>	
At 1 January 2014	0
Transfer from property, plant and equipment	21,200
At 31 December 2014	<u>21,200</u>
Fair value adjustment	1,925
At 31 December 2015	<u>23,125</u>

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

**6. GOODWILL**

Group

	RM'000
At 1 January 2014 / 31 December 2014 / 31 December 2015	<u>3,348</u>

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

The recoverable amount of the CGU was determined based on its value in use calculated using cash flow projections. The cash flow projections were based on the most recent financial budgets/forecasts approved by management which covered a period of 5 years. A discount rate of 11.07% (2014 : 11.70%) per annum was applied to the cash flow projections. As the value in use calculated was significantly higher than the carrying amount of the CGU, the cash flow projections had not been extrapolated beyond the 5 years covered by the financial budgets/forecasts.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7. INVESTMENTS IN SUBSIDIARIES

Company

	2015 RM'000	2014 RM'000
Unquoted shares - at cost	217,476	217,476
Impairment losses	(15,549)	(13,494)
	201,927	203,982

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2015	2014	
GUH Electronic Holdings Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Asset Holdings Sdn. Bhd. (formerly known as GUH Electrical Holdings Sdn. Bhd.)	Malaysia	100.00%	100.00%	Investment holding
GUH Properties Sdn. Bhd.	Malaysia	100.00%	100.00%	Property development
GUH Plantations Sdn. Bhd.	Malaysia	100.00%	100.00%	Cultivation of oil palm
GUH International (HK) Private Limited <sup>(a)</sup>	Hong Kong	100.00%	100.00%	Dormant
GUH Water Holdings Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Land Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment holding
GUH Capital Sdn. Bhd.	Malaysia	100.00%	0.00%	Dormant
<u>Subsidiaries of GUH Electronic Holdings Sdn. Bhd.</u>				
GUH Circuit Industry (PG) Sdn. Bhd.	Malaysia	100.00%	100.00%	Manufacture and sale of hybrid printed circuit boards
GUH Circuit Industry (Suzhou) Co., Ltd.	People's Republic of China	100.00%	100.00%	Manufacture and sale of hybrid printed circuit boards
Grand United (BVI) Co., Ltd.	British Virgin Islands	100.00%	100.00%	Sale of hybrid printed circuit boards
Grand Circuit Industry (Philippines) Inc. <sup>(b)</sup>	Philippines	100.00%	100.00%	Dormant

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest		Principal Activity
		2015	2014	
<u>Subsidiaries of GUH Asset Holdings Sdn. Bhd.</u> (formerly known as GUH Electrical Holdings Sdn. Bhd.)				
GUH Electrical Appliances Sdn. Bhd.	Malaysia	100.00%	100.00%	Ceased operation
GUH Electrical (BW) Sdn. Bhd.	Malaysia	100.00%	100.00%	Trading in electrical goods and appliances
GUH Realty Sdn. Bhd.	Malaysia	100.00%	100.00%	Investment in real estate and property development
GUH Electrical (KL) Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Malaysian Mechanical Engineering Industries Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Tecnovac Marketing Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
<u>Subsidiaries of GUH Water Holdings Sdn. Bhd.</u>				
GUH Water (Jiangsu) Pte. Limited <sup>(a)</sup>	Hong Kong	100.00%	100.00%	Dormant
Teknoserv Engineering Sdn. Bhd.	Malaysia	100.00%	100.00%	Project managers and contractors for installation of water and wastewater treatment plant
<u>Subsidiary of GUH Land Sdn. Bhd.</u>				
GUH Development Sdn. Bhd.	Malaysia	99.46%	99.46%	Property development
<u>Subsidiary of GUH Realty Sdn. Bhd.</u>				
Jeladan Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
<u>Subsidiary of GUH Water (Jiangsu) Pte. Limited</u>				
GUH Water (Gaochun) Co., Ltd. <sup>(a)</sup>	People's Republic of China	100.00%	100.00%	Dormant (dissolved in January 2016)

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

<sup>(b)</sup> Not audited by Crowe Horwath

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. INVESTMENT IN ASSOCIATE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares - at cost	3,023	3,023	3,023	3,023
Share of post-acquisition changes in net assets	4,344	2,060	0	0
	<u>7,367</u>	<u>5,083</u>	<u>3,023</u>	<u>3,023</u>

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Ownership Interest		Principal Activity
		2015	2014	
Cambodia Utilities Pte. Ltd.	Cambodia	20.00%	20.00%	Maintaining and operating power plant

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

	2015 RM'000	2014 RM'000
Non-current assets	0	1,228
Current assets	44,709	35,262
Non-current liabilities	0	(123)
Current liabilities	(7,876)	(10,955)
Net assets	36,833	25,412
Revenue	27,448	76,167
Profit (representing total comprehensive income)	<u>11,120</u>	<u>34,775</u>

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

	Group	
	2015 RM'000	2014 RM'000
Net assets	36,833	25,412
Effective ownership interest	20.00%	20.00%
Carrying amount	<u>7,367</u>	<u>5,083</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Shares quoted in Malaysia - at fair value	7,830	255	7,830	255
Unquoted shares - at cost less impairment losses	50	50	0	0
	<u>7,880</u>	<u>305</u>	<u>7,830</u>	<u>255</u>

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

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

**10. PROPERTY DEVELOPMENT ACTIVITIES**

Group

**Land Held For Property Development**

	2015 RM'000	2014 RM'000
At 1 January		
- Freehold land	84,560	25,767
- Development costs	37,446	23,390
	122,006	49,157
Acquisition of subsidiary		
- Freehold land	0	59,668
- Development costs	0	10,953
	0	70,621
Costs incurred during the year		
- Freehold land	864	0
- Development costs	5,586	7,671
	6,450	7,671
Transfer to property development costs		
- Freehold land	(2,105)	(875)
- Development costs	(4,375)	(4,568)
	(6,480)	(5,443)
Disposals during the year		
- Freehold land	(84)	0
- Development costs	(35)	0
	(119)	0

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

**Land Held For Property Development (cont'd)**

	2015 RM'000	2014 RM'000
At 31 December		
- Freehold land	83,235	84,560
- Development costs	38,622	37,446
	<u>121,857</u>	<u>122,006</u>

**Property Development Costs**

	2015 RM'000	2014 RM'000
At 1 January		
- Freehold land	2,228	4,234
- Development costs	15,632	48,433
	17,860	52,667
Development costs incurred during the year	18,942	11,187
Transfer from land held for property development		
- Freehold land	2,105	875
- Development costs	4,375	4,568
	6,480	5,443
Reversal of completed projects		
- Freehold land	0	(2,881)
- Development costs	0	(48,556)
	0	(51,437)
Costs recognised in profit or loss		
- Prior year	(5,871)	(34,269)
- Current year	(6,243)	(12,845)
- Adjustment to completed projects	0	41,243
	<u>(12,114)</u>	<u>(5,871)</u>
At 31 December	<u>31,168</u>	<u>11,989</u>

**Accrued Billings**

	2015 RM'000	2014 RM'000
Property development revenue recognised in profit or loss	22,638	11,043
Billings to purchasers	(16,242)	(5,046)
	<u>6,396</u>	<u>5,997</u>

NOTES TO THE FINANCIAL STATEMENTS  
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**11. DEFERRED TAX ASSETS/(LIABILITIES)**

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	(12,073)	(12,712)	(453)	(123)
Deferred tax income/(expense) recognised in:-				
- Profit or loss	82	980	(97)	0
- Other comprehensive income	77	0	0	(330)
Deferred tax liabilities underprovided in prior years	(870)	(82)	0	0
Currency translation differences	(1,089)	(259)	0	0
At 31 December	<u>(13,873)</u>	<u>(12,073)</u>	<u>(550)</u>	<u>(453)</u>
Disclosed as:-				
- Deferred tax assets	224	0	0	0
- Deferred tax liabilities	<u>(14,097)</u>	<u>(12,073)</u>	<u>(550)</u>	<u>(453)</u>
	<u>(13,873)</u>	<u>(12,073)</u>	<u>(550)</u>	<u>(453)</u>
In respect of:-				
- (Taxable)/Deductible temporary differences of:-				
- Property, plant and equipment	(13,009)	(12,833)	0	0
- Investment properties	(352)	(297)	(550)	(453)
- Investment in associate	(575)	0	0	0
- Property development costs	(1,190)	(1,526)	0	0
- Inventories	283	621	0	0
- Financial instruments	700	(272)	0	0
- Unused capital allowances	36	2,119	0	0
- Unused tax losses	234	115	0	0
	<u>(13,873)</u>	<u>(12,073)</u>	<u>(550)</u>	<u>(453)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

Save as disclosed above, as at 31 December 2015, 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 RM28,000 and RM22,000 (2014 : RM23,000 and RM19,000) respectively. No further deferred tax assets have been recognised for the excess of the deductible temporary differences, unused capital allowances and tax losses over the taxable temporary differences as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deductible temporary differences of:-				
- Property development costs	616	616	0	0
- Inventories	250	755	0	0
- Financial instruments	3,061	2,560	3,061	2,560
Unused capital allowances	928	830	855	778
Unused tax losses	25,897	23,734	11,359	9,732
Taxable temporary differences of property, plant and equipment	(116)	(92)	(91)	(75)
	<u>30,636</u>	<u>28,403</u>	<u>15,184</u>	<u>12,995</u>

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

Group	2015	2014
	RM'000	RM'000
Contract costs incurred	16,617	35,216
Recognised profits	<u>1,896</u>	<u>11,321</u>
	18,513	46,537
Progress billings	<u>(16,089)</u>	<u>(42,320)</u>
	<u>2,424</u>	<u>4,217</u>
Disclosed as:-		
- Amounts due from customers for contract work	2,517	4,876
- Amounts due to customers for contract work	<u>(93)</u>	<u>(659)</u>
	<u>2,424</u>	<u>4,217</u>

NOTES TO THE FINANCIAL STATEMENTS  
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**13. INVENTORIES**

Group	2015 RM'000	2014 RM'000
Raw materials	10,867	10,690
Work-in-progress	5,849	5,224
Finished goods	5,654	4,374
Consumables	3,316	2,680
Goods-in-transit	1,487	740
Completed development units	17,077	18,123
	<u>44,250</u>	<u>41,831</u>

**14. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables:-				
- Related parties <sup>(a)</sup>	28	37	0	0
- Unrelated parties	80,594	71,752	0	0
- Allowance for impairment	(3,279)	(563)	0	0
	<u>77,315</u>	<u>71,189</u>	<u>0</u>	<u>0</u>
	77,343	71,226	0	0
Other receivables:-				
- Subsidiaries	0	0	162,753	154,781
- Unrelated parties	1,032	1,029	147	178
- Allowance for impairment	0	(7)	0	0
	<u>1,032</u>	<u>1,022</u>	<u>162,900</u>	<u>154,959</u>
Dividend receivable from subsidiary	0	0	15,990	0
Dividend receivable from associate	0	1,133	0	1,133
	<u>78,375</u>	<u>73,381</u>	<u>178,890</u>	<u>156,092</u>

<sup>(a)</sup> Being companies in which certain directors have substantial financial interests

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	16,577	19,065	178,890	154,959
Renminbi	31,595	32,750	0	0
US Dollar	30,203	21,566	0	1,133
	<u>78,375</u>	<u>73,381</u>	<u>178,890</u>	<u>156,092</u>

**Trade Receivables**

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

Included in trade receivables are retention sums for contract work totalling RM1,290,000 (2014 : RM1,929,000).

The movements in allowance for impairment are as follows:-

	Group	
	2015 RM'000	2014 RM'000
At 1 January	563	379
Impairment loss recognised	2,736	184
Impairment loss reversed	(20)	0
At 31 December	<u>3,279</u>	<u>563</u>

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

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

	Group	
	2015 RM'000	2014 RM'000
Not past due	74,075	65,817
Past due 1 to 30 days	2,718	3,424
Past due 31 to 120 days	423	1,779
Past due more than 120 days	127	206
	<u>77,343</u>	<u>71,226</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
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**14. TRADE AND OTHER RECEIVABLES (cont'd)**

**Trade Receivables (cont'd)**

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2015, there was 1 (2014 : 1) major group of customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from this major group amounted to RM10,181,000 (2014 : RM7,455,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2015	2014
	RM'000	RM'000
Malaysia	23,513	21,802
China	39,634	39,859
Indonesia	11,224	8,177
Others	2,972	1,388
	<u>77,343</u>	<u>71,226</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.

The movements in allowance for impairment are as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	7	0	0	607
Acquisition of subsidiary	0	7	0	0
Impairment loss reversed	0	0	0	(607)
Impairment loss written off	(7)	0	0	0
At 31 December	<u>0</u>	<u>7</u>	<u>0</u>	<u>0</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
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**15. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Short-term investments	1,009	5,614	1,009	5,614
Term deposits with licensed banks (fixed rate)	92,026	100,969	4,826	23,447
Cash and bank balances	42,957	25,891	238	22
	<u>135,992</u>	<u>132,474</u>	<u>6,073</u>	<u>29,083</u>

Certain term deposits of the Group totalling RM2,742,000 (2014 : RM2,959,000) 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 RM4,510,000 (2014 : RM11,922,000) 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 2015 ranged from 0.05% to 5.00% (2014 : 0.05% to 5.10%) per annum.

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	24,211	58,607	4,761	29,083
Renminbi	65,138	61,353	0	0
US Dollar	46,643	12,514	1,312	0
	<u>135,992</u>	<u>132,474</u>	<u>6,073</u>	<u>29,083</u>

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	135,992	132,474	6,073	29,083
Term deposits pledged as security	(2,742)	(2,959)	0	0
	<u>133,250</u>	<u>129,515</u>	<u>6,073</u>	<u>29,083</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**16. TRADE AND OTHER PAYABLES**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables:-				
- Related parties <sup>(a)</sup>	1,685	1,244	0	0
- Related party <sup>(b)</sup>	952	666	0	0
- Unrelated parties	46,903	40,360	0	0
	<u>49,540</u>	<u>42,270</u>	<u>0</u>	<u>0</u>
Other payables:-				
- Subsidiaries	0	0	16,778	22,220
- Associate	7,520	0	7,520	0
- Other related party <sup>(a)</sup>	58	75	0	0
- Unrelated parties	19,525	16,906	4,833	4,484
	<u>27,103</u>	<u>16,981</u>	<u>29,131</u>	<u>26,704</u>
	<u>76,643</u>	<u>59,251</u>	<u>29,131</u>	<u>26,704</u>

<sup>(a)</sup> Being companies in which certain directors have substantial financial interests

<sup>(b)</sup> Being company in which close family member of certain directors has substantial financial interest

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	30,692	24,561	21,611	26,704
Renminbi	18,005	19,579	0	0
US Dollar	26,838	14,209	7,520	0
Others	1,108	902	0	0
	<u>76,643</u>	<u>59,251</u>	<u>29,131</u>	<u>26,704</u>

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

**Trade Payables**

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

**Other Payables**

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

NOTES TO THE FINANCIAL STATEMENTS  
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**17. SHARE CAPITAL**

	2015 RM'000	2014 RM'000
Authorised:-		
1,000,000,000 ordinary shares of RM1.00 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid-up:-		
277,905,000 ordinary shares of RM1.00 each	<u>277,905</u>	<u>277,905</u>

**Purchase of Own Shares**

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

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

	2015		2014	
	No. of Shares '000	Cost RM'000	No. of Shares '000	Cost RM'000
At 1 January	13,795	17,778	9,181	12,131
Shares purchased	<u>240</u>	<u>260</u>	<u>4,614</u>	<u>5,647</u>
At 31 December	<u>14,035</u>	<u>18,038</u>	<u>13,795</u>	<u>17,778</u>
Average unit cost for the year (RM)		<u>1.083</u>		<u>1.224</u>

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

	2015 No. of Shares '000	2014 No. of Shares '000
At 1 January	264,110	268,724
Shares purchased	<u>(240)</u>	<u>(4,614)</u>
At 31 December	<u>263,870</u>	<u>264,110</u>

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18. NON-CONTROLLING INTERESTS (“NCI”)

Group

	Accumulated NCI		Loss Allocated to NCI	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
GUH Development Sdn. Bhd.	11	14	(3)	0

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

Name of Subsidiary	Principal Place of Business	Effective Ownership Interest Held by NCI		Principal Activity
		2015	2014	
GUH Development Sdn. Bhd.	Malaysia	0.54%	0.54%	Property development

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

	2015	2014
	RM'000	RM'000
Non-current assets	14,648	14,599
Current assets	29	72
Current liabilities	(12,631)	(12,204)
Non-current liabilities	0	0
Net assets	2,046	2,467
Revenue	0	0
Loss (representing total comprehensive income)	(421)	(41)
Net cash (used in)/from operating activities	(27)	2
Net cash used in investing activities	(7)	0
Net cash from financing activities	0	0
Net cash (outflow)/inflow	(34)	2

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**19. REVENUE**

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Income from sale of goods	247,596	239,064	0	0
Income from sale of plantation produce	1,734	1,566	0	0
Income from rendering of services	0	0	4,694	5,308
Property development revenue	15,014	24,888	0	0
Contract revenue	20,259	32,297	0	0
Dividend income	42	251	22,771	51,335
Interest income	709	1,292	709	1,292
Rental income	19	21	38	23
	<u>285,373</u>	<u>299,379</u>	<u>28,212</u>	<u>57,958</u>

**20. PROFIT BEFORE TAX**

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:-				
Auditors' remuneration:-				
- Current year	195	177	38	37
- Prior year	(1)	(1)	0	0
Depreciation	14,208	16,045	290	204
Direct operating expenditure for investment properties:-				
- Generating rental income	3	7	11	6
- Not generating rental income	1	0	0	0
Fee expense for financial instruments not at fair value through profit or loss	634	332	1	2
Impairment loss on available-for-sale financial assets	847	99	847	99
Impairment loss on investments in subsidiaries <sup>(a)</sup>	0	0	2,055	0
Impairment loss on loans and receivables	2,736	184	0	0
Interest expense for financial liabilities not at fair value through profit or loss	0	5	0	0
Inventories written down	360	108	0	0
Investments in club memberships written off	0	28	0	8

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

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loss on disposal of investments in club memberships	0	9	0	0
Loss on disposal of property, plant and equipment	79	48	0	0
Property development costs	7,742	14,084	0	0
Property, plant and equipment written off	198	7	0	0
Rental of premises	279	367	108	108
Unrealised loss on foreign exchange	286	0	1,082	0
and crediting:-				
Bad debts recovered	5	0	0	0
Compensation for loss of property, plant and equipment	96	0	0	0
Dividend income from:-				
- Subsidiaries	0	0	21,405	37,049
- Associate	0	0	1,324	14,035
- Quoted investments in Malaysia	42	251	42	251
Gain on derecognition of available-for-sale financial assets	405	1,970	405	1,970
Gain on disposal of investment properties	0	380	0	0
Gain on fair value adjustment of investment properties	1,100	765	1,925	0
Gain on financial instruments at fair value through profit or loss (classified as held for trading)	3	0	0	0
Gain on foreign exchange:-				
- Realised	4,121	738	0	0
- Unrealised	0	722	0	0
Interest income for financial assets not at fair value through profit or loss	4,674	4,505	709	1,292
Rental income from:-				
- Investment properties	26	28	38	23
- Others	113	136	0	0
Reversal of impairment loss on investments in subsidiaries <sup>(b)</sup>	0	0	0	4,854

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

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Reversal of impairment loss on loans and receivables:-				
- Subsidiary	0	0	0	607
- Unrelated parties	20	0	0	0
Reversal of inventories written down	130	235	0	0

**21. EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Salaries and bonuses	52,067	47,704	5,318	5,149
Defined contribution plans	5,101	4,520	775	773
Ex-gratia benefits	501	468	501	468
	57,669	52,692	6,594	6,390

**22. DIRECTORS' REMUNERATION**

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fees	497	432	472	400
Salaries and bonuses	3,160	3,168	3,160	3,168
Defined contribution plans	578	581	578	581
Ex-gratia benefits	501	468	501	468
	4,736	4,649	4,711	4,617

The estimated monetary value of benefits-in-kind provided to certain directors by way of usage of the Group's assets and other similar benefits amounted to RM15,000 (2014 : RM15,000).

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

NOTES TO THE FINANCIAL STATEMENTS  
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**23. TAX EXPENSE**

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:-				
- Malaysian income tax	678	3,329	0	0
- Overseas income tax	4,432	4,699	0	0
- Real Property Gains Tax	0	33	0	0
- Deferred tax	(82)	(980)	97	0
	<u>5,028</u>	<u>7,081</u>	<u>97</u>	<u>0</u>
Tax underprovided in prior years:-				
- Malaysian income tax	1	249	0	0
- Overseas income tax	7	451	0	0
- Deferred tax	870	82	0	0
Withholding tax on dividend from foreign subsidiary	2,840	5,261	0	0
	<u>8,746</u>	<u>13,124</u>	<u>97</u>	<u>0</u>

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

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Applicable tax rate	25.00	25.00	25.00	25.00
Non-deductible expenses	5.32	3.08	6.58	0.39
Non-taxable income	(3.92)	(6.90)	(31.94)	(25.74)
Reinvestment allowances claimed	(0.39)	0.00	0.00	0.00
Increase in unrecognised deferred tax assets	2.99	0.60	3.00	0.35
Effect of differential tax rates	(2.07)	(0.73)	(2.11)	0.00
Average effective tax rate	<u>26.93</u>	<u>21.05</u>	<u>0.53</u>	<u>0.00</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**24. EARNINGS PER SHARE**

Group

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

	2015	2014
Profit for the financial year attributable to owners of the Company (RM'000)	<u>9,931</u>	<u>20,513</u>
Number of shares in issue at 1 January ('000)	264,110	268,724
Effect of shares purchased ('000)	<u>(171)</u>	<u>(3,898)</u>
Weighted average number of shares in issue ('000)	<u>263,939</u>	<u>264,826</u>
Basic earnings per share (sen)	<u>3.76</u>	<u>7.75</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.

**25. RELATED PARTY DISCLOSURES**

Other than the directors' remuneration as disclosed in Note 22, significant transactions with related parties during the financial year are as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Disposal of property, plant and equipment to subsidiaries	0	0	0	15
Dividends declared from associate	1,324	14,035	1,324	14,035
Dividends declared from subsidiaries	0	0	21,405	37,049
Rendering of management services to subsidiaries	0	0	4,694	5,308
Renting of premises from subsidiary	0	0	108	108
Renting of premises to subsidiary	0	0	38	23
Subscription for shares in subsidiary	0	0	0	1,000
Acquisition of subsidiary from other related party <sup>(a)</sup>	0	69,688	0	0

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**25. RELATED PARTY DISCLOSURES (cont'd)**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Purchase of development land from other related party <sup>(a)(c)</sup>	12,082	0	0	0
Purchase of goods from other related parties <sup>(a)</sup>	5,922	6,454	0	0
Purchase of property, plant and equipment from other related parties <sup>(a)</sup>	33	17	0	0
Receiving of services from other related party <sup>(a)</sup>	263	224	0	0
Receiving of services from other related party <sup>(b)</sup>	869	736	0	0
Renting of premises from other related party <sup>(a)</sup>	138	157	0	0
Sale of goods to other related parties <sup>(a)</sup>	631	750	0	0

<sup>(a)</sup> Being companies in which certain directors have substantial financial interests

<sup>(b)</sup> Being company in which close family member of certain directors has substantial financial interest

<sup>(c)</sup> Pursuant to sale and purchase agreement dated 9 September 2015 which was completed on 1 March 2016

**26. SEGMENT REPORTING**

Group

**Operating Segments**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. SEGMENT REPORTING (cont'd)

Operating Segments (cont'd)

	Manufacture				Unallocated		
	of printed circuit boards RM'000	Property develop- ment RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Water and wastewater treatment RM'000	non- operating segments RM'000	Total RM'000
<u>2015</u>							
Segment assets	338,762	186,176	5,639	22,341	25,644	24,079	602,641
Investment in associate	0	0	0	0	0	7,367	7,367
Income tax assets	77	3,393	16	14	928	3	4,431
Total assets	338,839	189,569	5,655	22,355	26,572	31,449	614,439
Additions to non-current assets	4,951	26	16	203	125	34	5,355
Segment liabilities	47,796	12,221	1,458	47	2,828	12,386	76,736
Income tax liabilities	17,145	1,035	1	122	0	1,449	19,752
Total liabilities	64,941	13,256	1,459	169	2,828	13,835	96,488
External revenue	239,257	15,014	8,339	1,734	20,259	770	285,373
Intersegment revenue	0	0	14	0	0	26,192	26,206
Total revenue	239,257	15,014	8,353	1,734	20,259	26,962	311,579
Segment profit/(loss)	16,106	580	78	684	(1,469)	(4,203)	11,776
Interest income	3,513	295	5	0	152	709	4,674
Share of profit of associate	0	0	0	0	0	2,224	2,224
Profit/(Loss) before tax	19,619	875	83	684	(1,317)	(1,270)	18,674
Tax (expense)/income	(7,819)	(374)	0	(191)	253	(615)	(8,746)
Profit/(Loss) for the financial year	11,800	501	83	493	(1,064)	(1,885)	9,928
Non-cash income	995	0	22	0	110	1,083	2,210
Depreciation	13,389	154	12	65	264	324	14,208
Other non-cash expenses	3,186	0	0	103	169	1,929	5,387

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. SEGMENT REPORTING (cont'd)

Operating Segments (cont'd)

	Manufacture of printed circuit boards RM'000	Property develop- ment RM'000	Sale of electrical appliances RM'000	Cultivation of oil palm RM'000	Water and wastewater treatment RM'000	Unallocated non- operating segments RM'000	Total RM'000
<u>2014</u>							
Segment assets	288,182	177,761	5,213	21,775	29,437	39,873	562,241
Investment in associate	0	0	0	0	0	5,083	5,083
Income tax assets	323	1,315	27	20	142	8	1,835
Total assets	288,505	179,076	5,240	21,795	29,579	44,964	569,159
Additions to non-current assets	5,889	102	39	7	5,995	773	12,805
Segment liabilities	40,783	7,405	1,461	15	5,733	4,513	59,910
Income tax liabilities	12,843	1,090	1	115	43	871	14,963
Total liabilities	53,626	8,495	1,462	130	5,776	5,384	74,873
External revenue	232,558	24,888	6,506	1,566	32,297	1,564	299,379
Intersegment revenue	0	0	22	0	0	42,434	42,456
Total revenue	232,558	24,888	6,528	1,566	32,297	43,998	341,835
Segment profit/(loss)	12,637	4,615	(56)	581	4,035	370	22,182
Interest income	2,545	503	18	0	147	1,292	4,505
Interest expense	0	0	0	0	(5)	0	(5)
Share of profit of associate	0	0	0	0	0	6,955	6,955
Profit/(Loss) before tax	15,182	5,118	(38)	581	4,177	8,617	33,637
Tax expense	(10,372)	(1,407)	0	(151)	(1,112)	(82)	(13,124)
Profit/(Loss) for the financial year	4,810	3,711	(38)	430	3,065	8,535	20,513
Non-cash income	1,063	0	38	0	25	596	1,722
Depreciation	15,355	202	14	49	187	238	16,045
Other non-cash expenses	118	0	15	0	186	107	426

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	110,630	137,472	221,223	222,461
China	125,952	127,038	70,849	66,722
Indonesia	37,096	27,525	0	0
Other countries	11,695	7,344	0	0
	285,373	299,379	292,072	289,183

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**26. SEGMENT REPORTING (cont'd)**

**Major Customers**

For the financial year ended 31 December 2014, there was 1 major group of customers of the manufacture of printed circuit boards segment that contributed 10% or more of the Group's total revenue and the total revenue generated from this major group amounted to RM31,331,000. The Group did not have any major group of customers that contributed 10% or more of its total revenue for the financial year ended 31 December 2015.

**27. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

Group	2015 RM'000	2014 RM'000
Contracted but not provided for	<u>476</u>	<u>1,133</u>

**28. CONTINGENT LIABILITIES - UNSECURED**

Company

**Financial Guarantee Contracts**

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions and trade suppliers for credit facilities granted to certain subsidiaries up to a total limit of RM48,818,000 (2014 : RM46,318,000). The total utilisation of these credit facilities as at 31 December 2015 amounted to RM22,760,000 (2014 : RM14,012,000).

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.

**Performance Guarantee Contract**

The Company has also entered into a performance guarantee contract up to a limit of RM35,736,000 (2014 : RM35,736,000) to guarantee the due performance of all the contract works by a subsidiary in a water treatment project.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 29. FINANCIAL RISK MANAGEMENT

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

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

### Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 28.

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The credit risk in respect of property development activities is negligible as title will only be transferred upon receipt of full payment or undertaking of end-financing by the purchaser's end-financier.

### Liquidity Risk

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

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

### Currency Risk

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**29. FINANCIAL RISK MANAGEMENT (cont'd)**

**Currency Risk (cont'd)**

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

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

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group		Company	
	Increase/ (Decrease) in Profit 2015 RM'000	Increase/ (Decrease) in Profit 2014 RM'000	Increase/ (Decrease) in Profit 2015 RM'000	Increase/ (Decrease) in Profit 2014 RM'000
Appreciation of USD against RM by 10% (2014 : 10%)	3,447	821	(621)	113
Depreciation of USD against RM by 10% (2014 : 10%)	(3,447)	(821)	621	(113)
Appreciation of USD against RMB by 10% (2014 : 5%)	665	311	0	0
Depreciation of USD against RMB by 10% (2014 : 5%)	(665)	(311)	0	0

**Other Price Risk**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**29. FINANCIAL RISK MANAGEMENT (cont'd)**

**Other Price Risk (cont'd)**

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

	Group and Company			
	Increase/ (Decrease) in Profit 2015 RM'000	Increase/ (Decrease) in Profit 2014 RM'000	Increase/ (Decrease) in OCI 2015 RM'000	Increase/ (Decrease) in OCI 2014 RM'000
Increase in FBMKLCI by 10% (2014 : 10%)	0	0	783	26
Decrease in FBMKLCI by 10% (2014 : 10%)	(99)	(26)	(684)	0

**30. CAPITAL MANAGEMENT**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

- (i) On 21 March 2016, GUH Capital Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a subscription agreement to subscribe for 1,166,667 new ordinary shares of RM1.00 each in Straits International Education Group Sdn. Bhd. ("SIEG"), representing 25% equity interest in SIEG, for a total cash consideration of RM11.0 million. SIEG is a company incorporated in Malaysia and its principal activities are investment holding and the provision of management services for the operation of a private international school.
  
- (ii) On 21 March 2016, GUH Asset Holdings Sdn. Bhd. (formerly known as GUH Electrical Holdings Sdn. Bhd.), a wholly-owned subsidiary of the Company, entered into a share purchase agreement to acquire 2 ordinary shares of RM1.00 each in Milan Diamond Sdn. Bhd. ("MDSB"), representing 100% equity interest in MDSB, for a cash consideration of RM2 and the settlement of liabilities of approximately RM6.77 million. MDSB is a company incorporated in Malaysia and has not commenced business since its incorporation. Its intended principal activities are investment holding and leasing.

SUPPLEMENTARY INFORMATION  
- REALISED AND UNREALISED PROFITS OR LOSSES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:-				
- Realised	251,222	264,141	124,892	118,781
- Unrealised	1,920	4,255	(1,179)	0
	<u>253,142</u>	<u>268,396</u>	<u>123,713</u>	<u>118,781</u>
Total share of retained profits of associate:-				
- Realised	4,754	3,881	0	0
- Unrealised	0	0	0	0
	<u>257,896</u>	<u>272,277</u>	<u>123,713</u>	<u>118,781</u>
Consolidation adjustments and eliminations	<u>(96,531)</u>	<u>(96,110)</u>	<u>0</u>	<u>0</u>
Total retained profits as per statement of financial position	<u>161,365</u>	<u>176,167</u>	<u>123,713</u>	<u>118,781</u>

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

ANALYSIS OF SHAREHOLDINGS

Class of Shares	:	Ordinary Shares of RM1.00 each
Authorized Capital	:	RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1.00 each
Issued and Fully Paid-Up Capital	:	RM277,904,539 divided into 277,904,539 ordinary shares of RM1.00 each
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	13,075

**Distribution Schedule of Shares**

As at 31 March 2016

Holdings	No. of Holders	Total Holdings	%
Less than 100	863	45,846	0.02
100 - 1,000	2,685	1,170,237	0.44
1,001 – 10,000	7,819	27,557,414	10.44
10,001 – 100,000	1,561	41,857,251	15.86
100,001 – less than 5% of issued shares	145	117,089,366	44.38
5% and above of issued shares	2	76,140,025	28.86
<b>Total</b>	<b>13,075</b>	<b>263,860,139</b>	<b>100.00</b>

\* Exclusive of 14,044,400 ordinary shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS

**Substantial Shareholders**

As at 31 March 2016

No.	Name of Substantial Shareholders	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	HSBC Nominees (Asing) Sdn. Bhd. <i>HBAP For Gold Connection Assets Limited</i>	45,337,200	17.18	-	-
2.	Zun Holdings Sdn. Bhd.	30,802,825	11.67	-	-
3.	Puan Sri Datin Seri Ang Gaik Nga	11,494,500	4.36	30,802,825 <sup>a</sup>	11.67
4.	Dato' H'ng Chun Hsiang	2,316,000	0.88	30,802,825 <sup>a</sup>	11.67
5.	H'ng Hsieh Fern	2,304,000	0.87	30,802,825 <sup>a</sup>	11.67
6.	Datin Jessica H'ng Hsieh Ling	2,263,500	0.86	30,802,825 <sup>a</sup>	11.67
7.	H'ng Chun Ching	2,250,000	0.85	30,802,825 <sup>a</sup>	11.67
8.	Tan Sri Dato' Seri H'ng Bok San	-	-	51,430,825 <sup>b</sup>	19.49

**Directors' Shareholding**

As at 31 March 2016

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Seri H'ng Bok San	-	-	51,430,825 <sup>b</sup>	19.49
2.	Dato' Kenneth H'ng Bak Tee	-	-	2,066,550 <sup>c</sup>	0.78
3.	Dato' Harry H'ng Bak Seah	2,561,928	0.97	-	-
4.	Datin Jessica H'ng Hsieh Ling	2,263,500	0.86	30,802,825 <sup>a</sup>	11.67
5.	Lai Chang Hun	2,737,932	1.04	3,576,880 <sup>d</sup>	1.36
6.	Wan Ismail Bin Wan Nik	3,699,950 <sup>e</sup>	1.40	-	-
7.	Chew Hock Lin	-	-	-	-
8.	Dato' Ismail Bin Hamzah	-	-	-	-
9.	Dato' Gan Kong Meng	-	-	-	-

Notes:

<sup>a</sup> Deemed interest via shares held by Zun Holdings Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965

<sup>b</sup> Deemed interest via shares held by Zun Holdings Sdn. Bhd., his spouse and children by virtue of Sections 6A and 134(12)(c) of the Companies Act, 1965

<sup>c</sup> Deemed interest via shares held by his spouse and son by virtue of Section 134(12)(c) of the Companies Act, 1965

<sup>d</sup> Deemed interest via shares held by Laico Jaya Sdn. Bhd. and his children by virtue of Sections 6A and 134(12)(c) of the Companies Act, 1965

<sup>e</sup> 3,662,250 shares are pledged under HLB Nominees (Tempatan) Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

**Thirty (30) Largest Shareholders**

As at 31 March 2016

No.	Name of Securities Account Holders	No. of Shares	%
1.	HSBC Nominees (Asing) Sdn. Bhd. <i>HBAP For Gold Connection Assets Limited (PB-SGDIV501999)</i>	45,337,200	17.18
2.	Zun Holdings Sdn. Bhd.	30,802,825	11.67
3.	Puan Sri Datin Seri Ang Gaik Nga	11,494,500	4.36
4.	Song Siew Gnoh	9,650,767	3.66
5.	Kan Yu Oi Ling	4,280,575	1.62
6.	Siaw Poon Keong	4,269,400	1.62
7.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Etiqa Insurance Berhad (Life Non-Par FD)</i>	3,978,300	1.51
8.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for W Ismail Bin W Nik</i>	3,662,250	1.39
9.	Tay Teck Ho	3,655,000	1.39
10.	Laico Jaya Sdn. Bhd.	3,464,344	1.31
11.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt An For DBS Bank Ltd (SFS)</i>	3,190,100	1.21
12.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Etiqa Insurance Berhad (Shareholder's FD)</i>	2,950,000	1.12
13.	Howell Chen Chung	2,894,500	1.10
14.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Deutsche Bank AG Singapore For Yeoman 3-Rights Value Asia Fund (PTSL)</i>	2,750,000	1.04
15.	How Kim Chai	2,749,000	1.04
16.	Lai Chang Hun	2,737,932	1.04
17.	Dato' Harry H'ng Bak Seah	2,561,928	0.97
18.	Shoptra Jaya (M) Sdn. Bhd.	2,487,150	0.94
19.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Etiqa Insurance Berhad (Balance Fund)</i>	2,329,300	0.88
20.	Dato' H'ng Chun Hsiang	2,316,000	0.88
21.	H'ng Hsieh Fern	2,304,000	0.87
22.	Datin Jessica H'ng Hsieh Ling	2,263,500	0.86
23.	H'ng Chun Ching	2,250,000	0.85
24.	Malaysia Nominees (Asing) Sendirian Berhad <i>Oversea-Chinese Bank Nominees Pte Ltd for Oversea-Chinese Banking Corporation Limited (OCB33076-000FM)</i>	1,837,500	0.70
25.	Koperasi Permodalan FELDA Malaysia Berhad	1,563,500	0.59
26.	Zulkifli Bin Hussain	1,539,000	0.58
27.	Koperasi Permodalan FELDA Malaysia Berhad	1,394,000	0.53
28.	Datin Tham Hooi Loon	1,333,950	0.51
29.	RHB Nominees (Tempatan) Sdn. Bhd. <i>DBS Vickers Secs (S) Pte Ltd For Kuok Khoon Ho</i>	1,218,472	0.46
30.	Alliance Group Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chong Yiew On (6000006)</i>	1,161,700	0.44

LIST OF PROPERTIES  
As at 31 December 2015

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	29 years	24,362	31/12/2013
2	Plot 208A Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang	Leasehold 60 years Expiring on 20/10/2049	Office/ Factory building	6,167	29 years	8,364	31/12/2013
3	160-4-3 Anson Road, 10400 Penang	Freehold	Apartment	153	34 years	570	31/12/2015
4	588 Changjiang Road, New District Suzhou, Jiangsu, China	Leasehold 50 years Expiring on 17/8/2047	Office/ Factory building	53,325	18 years	49,538	31/12/2013
5	Unit 16, Rose Garden Xiang Xie Mountain Villa Resort, No. 289 Jin San Road, Mudu Town, Wuzhong District, 215101 Suzhou, Jiangsu Province, China	Leasehold 70 years Expiring on 17/5/2068	Bungalow	232	17 years	2,108	31/12/2013
6	Along Kuala Lumpur/ Seremban Highway, Pekan Bukit Kepayang, District of Seremban, Negeri Sembilan	Freehold	Ongoing mixed development scheme known as Taman Bukit Kepayang	488,854	-	23,567	30/9/2004
7	Along off Jalan Simpang Ampat Mukim 14 & 15 District of Seberang Perai Tengah, Pulau Pinang	Freehold	Ongoing mixed development scheme known as Simpang Ampat	187,299	-	59,669	27/03/2014
8	27 Jalan Serendah 26/40 Kawasan Perindustrian Hicom, Seksyen 26, 40400 Shah Alam, Selangor	Freehold	3-Storey Semi-D factory	819	2 years	4,615	-
9	Lot No. 5 Mukim Telui Kiri, Daerah Kuala Muda, Kedah	Freehold	Agricultural land	1,559,724	-	21,200	31/12/2015
10	4935 Jalan Siram, 12100 Butterworth, Penang	Freehold	3-storey terrace shophouse	511	24 years	882	31/12/2013
11	17 Jalan Nafiri, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shophouse	251	23 years	400	31/12/2015
12	1 Jalan Nafiri, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shophouse	248	23 years	400	31/12/2015
13	3 Jalan Nafiri, 14200 Sungai Bakap, Penang	Freehold	1 1/2 storey terrace shophouse	251	23 years	400	31/12/2015
14	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	28 years	53	31/12/2013

LIST OF PROPERTIES  
As at 31 December 2015

No.	Address/ Location	Tenure	Description	Area (square metre)	Approximate Age of properties/ buildings	Net Book Value (RM'000)	Date of Re-Valuation
15	1-1-05 No. 1, Persiaran Bukit Jambul 1, Complex Relau, 11900 Penang	Freehold	Shoplot	86	21 years	260	31/12/2015
16	Unit No. 24, 25, 27, 91, 100, 101 & 103 Lembah Beringin, Sector 26-2, Selangor	Freehold	7 units of double storey terrace houses	1,169	17 years	-	31/12/2009
17	Lot No. 1692, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	21,250	-	6,400	31/12/2015
18	Lot No. 1693, Mukim 12 Province Wellesley South, Penang	Freehold	Industrial land	1,998	-	470	31/12/2015

**Revaluation Policy**

The land and buildings of the Group were revalued by firms of independent professional valuers using open market value basis.

Revaluation of these assets will be conducted in an interval of at least once in every five years.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 52nd Annual General Meeting (“AGM”) of GUH Holdings Berhad will be held at the Auditorium of the Company at 2nd Floor, Plot 1240 & 1241, Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang on Tuesday, 24 May 2016 at 10:00 a.m. to transact the following businesses:

### AGENDA

#### As Ordinary Business

- |  |   |
|--|---|
| 1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and the Auditors thereon.   | <b>Please refer Explanatory Note A</b>                |
| 2. To approve the payment of Directors’ fees for the financial year ended 31 December 2015.  | <b>Resolution 1</b>                                   |
| 3. To re-elect the following Directors who retire by rotation pursuant to Article 99 of the Company’s Articles of Association and being eligible, offer themselves for re-election:<br><br>(i) Datin Jessica H’ng Hsieh Ling<br>(ii) En. Wan Ismail Bin Wan Nik  | <b>Resolution 2<br/>Resolution 3</b>                  |
| 4. To re-elect the following Director who retires pursuant to Article 103 of the Company’s Articles of Association and being eligible, offer himself for re-election:<br><br>(i) Dato’ Gan Kong Meng   | <b>Resolution 4</b>                                   |
| 5. To pass the following resolutions pursuant to Section 129 of the Companies Act, 1965:<br><br>(i) “THAT Mr. Chew Hock Lin, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next AGM”<br><br>(ii) “THAT Mr. Lai Chang Hun, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next AGM”<br><br>(iii) “THAT Tan Sri Dato’ Seri H’ng Bok San, retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next AGM” | <b>Resolution 5<br/>Resolution 6<br/>Resolution 7</b> |
| 6. To re-appoint Messrs. Crowe Horwath as Auditors of the Company for the financial year ending 31 December 2016 and to authorize the Directors to fix their remuneration.   | <b>Resolution 8</b>                                   |

#### As Special Business

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

#### 7. ORDINARY RESOLUTION – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## NOTICE OF ANNUAL GENERAL MEETING

- (i) "THAT approval be and is hereby given to Dato' Ismail Bin Hamzah who has served as Independent Non-Executive Director for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." **Resolution 9**
- (ii) "THAT subject to the passing of Ordinary Resolution 3 above, approval be and is hereby given to En. Wan Ismail Bin Wan Nik who has served as Independent Non-Executive Director for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." **Resolution 10**
- (iii) "THAT subject to the passing of the Ordinary Resolution 5 above, approval be and is hereby given to Mr. Chew Hock Lin who has served as Independent Non-Executive Director for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." **Resolution 11**
- (iv) "THAT subject to the passing of the Ordinary Resolution 6 above, approval be and is hereby given to Mr. Lai Chang Hun who has served as Independent Non-Executive Director for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." **Resolution 12**
8. **ORDINARY RESOLUTION – AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Resolution 13**
- "That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorized to issue shares in the capital of the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued, pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued, subject always to the approval of all relevant regulatory bodies being obtained for such issues."
9. **ORDINARY RESOLUTION – PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** **Resolution 14**
- "THAT subject to the Company's compliance with all applicable rules, regulations and orders made pursuant to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 and share premium account 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:

## NOTICE OF ANNUAL GENERAL MEETING

- (i) to retain the shares as treasury shares; and/or
- (ii) to cancel the shares; and/or
- (iii) to resell the shares; and/or
- (iv) to distribute as share dividends; and/or
- (v) any combination of the above; and/or

in any other manner as prescribed by the Companies Act 1965, rules, regulations and orders made pursuant to the Companies Act 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any other relevant authority for the time being in force;

AND THAT such authority for the Proposed Share Buy-Back conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM, at which time the said authority shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

AND THAT, the Directors of the Company or any of them be and are hereby authorized to take all such steps as are necessary or expedient to implement, finalize and to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations, and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.”

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

**Resolution 15**

“THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties, which are necessary for the day-to-day operations, in the ordinary course of business, made at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those normally available to the public and are not to the detriment of the minority shareholders, details are set out in the Circular to Shareholders dated 29 April 2016; AND THAT the authority conferred by this mandate shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:

## NOTICE OF ANNUAL GENERAL MEETING

- (i) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at that AGM;
- (ii) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but not extending to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transaction contemplated and/or authorized by this Ordinary Resolution.”

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

By Order of the Board,

**Dato' Kenneth H'ng Bak Tee** (LS0008988)

**Kee Gim Tee** (MAICSA 7014866)

Company Secretaries

Penang

Dated this 29 April 2016

## NOTICE OF ANNUAL GENERAL MEETING

### Notes:

1. Every Member is entitled to appoint a proxy/proxies (or in the case of a corporation to appoint a representative) to attend and vote in his place. A proxy/proxies need not be a Member of the Company. The proxy/proxies appointed shall have the same right as the Member to speak at the Meeting.
2. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting and where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorized in writing, and in the case of corporation, either under the Common Seal or signed by its attorney or an officer duly authorized.
4. Where a Member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) pursuant to Paragraph 7.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. Any instrument appointing a proxy or the power of attorney or other authority, if any must be deposited at the Company's Registered Office at Part of Plot 1240 & 1241 Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
6. Only a Depositor whose name appears on Record of Depositors as at 18 May 2016 shall be regarded as Member to attend, speak and vote at this Meeting or appoint proxy to attend, speak and vote on his stead.

### Explanatory Note A

This Agenda item is meant for discussion only as under the provision of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

### Explanatory Notes to Special Business

#### Resolution 9, 10, 11 & 12

#### Retention of Independent Non-Executive Directors

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Resolution 9, 10, 11 and 12 are to enable Dato' Ismail Bin Hamzah, En. Wan Ismail Bin Wan Nik, Mr. Chew Hock Lin and Mr. Lai Chang Hun to continue serving as Independent Directors of the Company to fulfil the requirements of Paragraph 3.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board of Directors had via the Nomination Committee conducted the annual performance evaluation and assessment of independence of the Directors. The justifications of the Board of Directors for recommending and supporting the resolutions for their continuing in office as Independent Directors are set out below:

Justifications:

- (a) Fulfils the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

## NOTICE OF ANNUAL GENERAL MEETING

- (b) Provide the Board with diverse set of experience, skills and expertise in the relevant field/business industry;
- (c) Sufficient time and attention to their professional obligations for informed and balanced decision making; and
- (d) Able to bring independent and objective judgment to the Board deliberations and their position in the Board has not been compromised by their familiarity and long relationship with other Board members.

### **Resolution 13**

#### **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

The proposed Resolution 13 is a renewal of the general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the 51st AGM held on 19 May 2015. As at the date of this Notice, the Company has not issued any new shares pursuant to the authority given at the last 51st AGM which will lapse at the conclusion of the 52nd AGM to be held on 24 May 2016. The proposed Resolution 13, if passed, will give authority to the Directors of the Company to issue and allot shares up to and not exceeding 10% of the issued and paid-up share capital of the Company for the time being without convening a general meeting which will be both time and cost consuming. The authority given pursuant to Section 132D will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing up shares, for purpose of funding future investment, working capital and/or acquisition.

### **Resolution 14**

#### **Proposed renewal of Share Buy-Back authority**

The proposed Resolution 14, if passed, would empower the Directors of the Company to purchase the Company's shares up to 10% of the issued and paid-up share capital of the Company for the time being, quoted on Bursa Malaysia Securities Berhad, by utilizing the funds allocated which shall not exceed the audited retained profits and share premium account of the Company. Further information is set out in the Share Buy-Back Statement dated 29 April 2016, which is dispatched together with the Company's Annual Report 2015.

### **Resolution 15**

#### **Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

The proposed Resolution 15, if passed, would allow the Company and/or its subsidiaries and related companies to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations with the related parties.

This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM, or the expiration of the period within which the next AGM is required by law to be held, or revoked or varied by an ordinary resolution passed by the shareholders of the Company in general meeting, whichever is earlier. Further information is set out in the Circular to Shareholders dated 29 April 2016, which is dispatched together with the Company's Annual Report 2015.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

There are no individual who are standing for election as Director (excluding Directors standing for re-election and re-appointment at the forthcoming AGM).

1. The Directors who are retiring pursuant to Article 99 of the Articles of Association of the Company and seeking re-election are:
  - i. Datin Jessica H'ng Hsieh Ling
  - ii. En. Wan Ismail Bin Wan Nik
  
2. The Director who is retiring pursuant to Article 103 of the Articles of Association of the Company and seeking re-election is:
  - i. Dato' Gan Kong Meng
  
3. The Directors who are standing for re-appointment in accordance to Section 129 of the Companies Act, 1965, are:
  - i. Mr. Chew Hock Lin
  - ii. Mr. Lai Chang Hun
  - iii. Tan Sri Dato' Seri H'ng Bok San

Further details of the above Directors are set out in the section entitled "Directors' Profile" on pages 4 to 7. Their shareholdings in the Company are stated on page 49 of the Financial Statements of the Company's Annual Report 2015.

### **GENERAL MANDATE FOR ISSUE OF SECURITIES**

(Pursuant to Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

This general mandate for issue of shares was sought for at the AGM in the preceding year. The Board did not carry out the mandate since the last AGM of the Company until the latest practicable date before the printing of this Annual Report 2015. This mandate will expire on 24 May 2016 and a renewal of this authority will be sought at the 52nd AGM.

The mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for the purpose of funding further investment project, working capital and/or acquisition.

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# PROXY FORM

<b>No. of Shares Held</b>

I/We ..... NRIC/Company No. ....  
*Full Name (in BLOCK)*

of .....  
*Address*

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

Name/NRIC No.	No. of Shares	Percentage (%)	
Proxy .....	.....	.....	and/or;
Proxy .....	.....	.....	;

or failing him, the Chairman of the Meeting as my/our proxy(ies) to vote for me/us and on my/our behalf at the 52nd Annual General Meeting ("AGM") of the Company to be held at the Auditorium of the Company at 2nd Floor, Plot 1240 & 1241 Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang on Tuesday, 24 May, 2016 at 10:00 a.m. and at any adjournment thereof.

*Please indicate with an "X" as to how you wish to cast your vote. If no instruction as to voting is given, the proxy will vote or abstain from voting at his discretion.*

Ordinary Business		For	Against
To approve the payment of Directors' fees for the financial year ended 31 December 2015	Resolution 1		
To re-elect Datin Jessica H'ng Hsieh Ling who is retiring pursuant to Article 99 of the Company's Articles of Association	Resolution 2		
To re-elect En. Wan Ismail Bin Wan Nik who is retiring pursuant to Article 99 of the Company's Articles of Association	Resolution 3		
To re-elect Dato' Gan Kong Meng who is retiring pursuant to Article 103 of the Company's Articles of Association	Resolution 4		
To re-appoint Mr. Chew Hock Lin who is retiring pursuant to S129 of the Companies Act, 1965	Resolution 5		
To re-appoint Mr. Lai Chang Hun who is retiring pursuant to S129 of the Companies Act, 1965	Resolution 6		
To re-appoint Tan Sri Dato' Seri H'ng Bok San who is retiring pursuant to S129 of the Companies Act, 1965	Resolution 7		
To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorize the Directors to fix their remuneration	Resolution 8		
Special Business		For	Against
To approve Dato' Ismail Bin Hamzah to continue in office as Independent Non-Executive Director	Resolution 9		
To approve En. Wan Ismail Bin Wan Nik to continue in office as Independent Non-Executive Director	Resolution 10		
To approve Mr. Chew Hock Lin to continue in office as Independent Non-Executive Director	Resolution 11		
To approve Mr. Lai Chang Hun to continue in office as Independent Non-Executive Director	Resolution 12		
Authority to issue shares pursuant to Section 132D of the Companies Act, 1965	Resolution 13		
Proposed renewal of Share Buy-Back Authority	Resolution 14		
Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Resolution 15		



Dated this ..... day of ....., 20 .....

.....  
 Signature of Member/Common Seal

Fold this flag sealing

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Notes:

1. Every Member is entitled to appoint a proxy/proxies (or in the case of a corporation to appoint a representative) to attend and vote in his place. A proxy/proxies need not be a Member of the Company. The proxy/proxies appointed shall have the same right as the Member to speak at the Meeting.
2. A Member shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting and where a Member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorized in writing, and in the case of corporation, either under the Common Seal or signed by its attorney or an officer duly authorized.
4. Where a Member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) pursuant to Paragraph 7.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. Any instrument appointing a proxy or the power of attorney or other authority, if any must be deposited at the Company's Registered Office at Part of Plot 1240 & 1241 Bayan Lepas Free Industrial Zone, Phase 3, Bayan Lepas, 11900 Penang, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
6. Only a Depositor whose name appears on Record of Depositors as at 18 May 2016 shall be regarded as Member to attend, speak and vote at this Meeting or appoint proxy to attend, speak and vote on his stead.

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The Company Secretary

# **GUH HOLDINGS BERHAD**

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

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