



CB INDUSTRIAL PRODUCT HOLDING BERHAD  
(428930-H)

# 2017 Annual Report



EQUIPPING PALM OIL MILLS  
WITH GREEN AND INNOVATIVE  
TECHNOLOGIES AROUND THE WORLD

# FINANCIAL HIGHLIGHTS

REVENUE

**RM704 m**  
**+21.8%**  
 2016: RM578 m

PROFIT BEFORE TAXATION

**RM97 m**  
**-29.1%**  
 2016: RM137 m

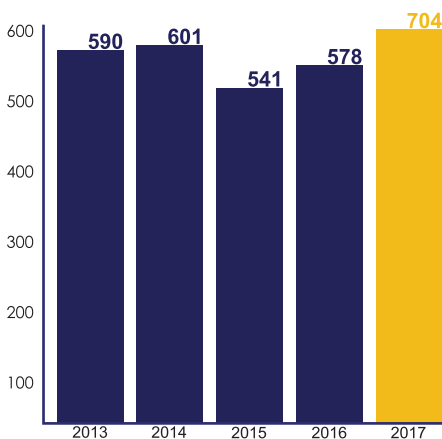
SHAREHOLDER'S EQUITY

**RM724 m**  
**-0.1%**  
 2016: RM725 m

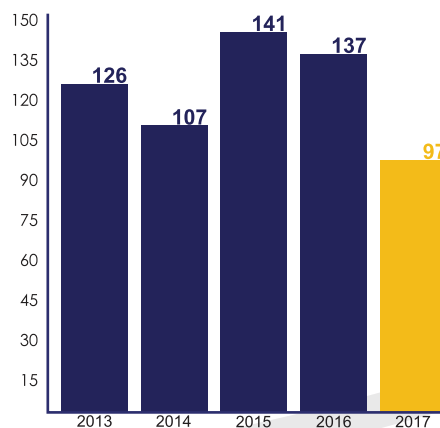
In RM'000	2013	2014	2015	2016	2017
Revenue	590,441	600,893	541,274	577,883	704,058
Profit Before Taxation	125,609	107,045	141,350	137,176	97,225
Profit Attributable To Shareholders	98,416	91,205	97,985	102,210	51,409
Shareholder's Equity	529,951	598,633	668,822	724,770	724,477
Earning Per Share (Sen)	18.5*	17.2	18.5	19.4	9.6

\* Adjusted for enlarged share capital after bonus issue in year 2014

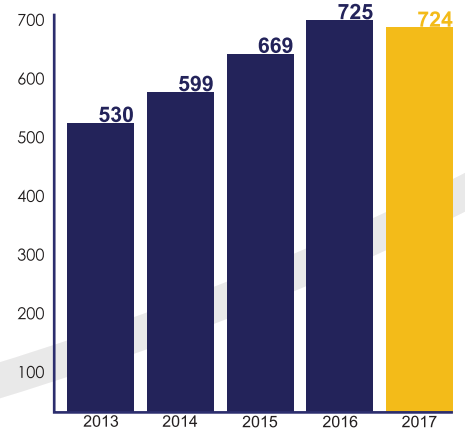
**REVENUE**  
(RM Million)



**PROFIT BEFORE TAXATION**  
(RM Million)



**SHAREHOLDER'S EQUITY**  
(RM Million)



# 21<sup>ST</sup> ANNUAL GENERAL MEETING

**DATE** : 28th May 2018

**TIME** : 10:30 am

**VENUE** : Saujana Ballroom,  
The Saujana Hotel Kuala Lumpur,  
Jalan Lapangan Terbang SAAS,  
40150 Shah Alam, Selangor Darul Ehsan

## TABLE OF CONTENTS

Vision & Mission	2
Chairman's Statement	4
Board of Directors	7
Profile of Directors	8
Profile of Key Senior Management	12
Management Discussion and Analysis	15
Corporate Information	20
Sustainability Statement	21
Notice of Annual General Meeting	34
Statement of Directors' Responsibilities	40
Audit Committee Report	41
Corporate Governance Overview Statement	44
Statement on Risk Management and Internal Control	55
Other Compliance Information	58
Directors' Report	61
Statement by Directors	66
Statutory Declaration	66
Independent Auditors' Report	67
Statements of Financial Position	75
Statements of Comprehensive Income	76
Statements of Changes in Equity	77
Statements of Cash Flow	80
Notes to the Financial Statements	82
List of Properties	133
Analysis of Shareholdings	134
Analysis of Warrant Holdings	137
Proxy Form	
Corporate Structure	

## VISION & MISSION

### OUR VISION

To be the preferred provider of innovative engineering products and solutions to the global oil palm industry and related sectors.

### OUR MISSION

#### LEADER

To be the leading global manufacturer and supplier of technologically advanced and cost effective palm oil mills.

#### INNOVATOR

To be a reliable, reputable, speedy and competitive provider of quality and innovative engineering products and solutions.

#### CUSTOMERS

To exceed customers expectations through our expertise, research & development and strategic collaborations.

#### WORKFORCE

To develop a highly motivated, efficient and creative workforce by providing opportunities for growth and clear career path.

#### CORPORATE CITIZEN

To continue to be a responsible corporate citizen who contributes towards its social and environmental responsibilities.

#### SHAREHOLDERS

To continue to enhance shareholder's value.



**PLANTATION & MILLING**  
Oil palm cultivation and milling

**SPECIAL PURPOSE VEHICLES**  
Retrofitting special purpose vehicles



**EQUIPMENT & ENGINEERING**  
Manufacturing of palm oil mill equipment  
and full turnkey construction of palm oil mills

## CHAIRMAN'S STATEMENT

**TAN SRI DATUK DR. YUSOF BIN BASIRAN**  
INDEPENDENT  
NON-EXECUTIVE CHAIRMAN



*“The board will continue to explore sustainable growth strategies to further enhance our shareholders’ value.”*

## Dear Shareholders,

On behalf of the Board, it is my honour to present CB Industrial Product Holding Berhad's ("CBIP" or "Company") annual report and audited financial statements for the financial year ended 31 December 2017.

### 2017 In Review

The Group achieved an encouraging revenue of RM704.1 million, profit before taxation of RM97.2 million and profit attributable to owners of the Company of RM51.4 million for financial year 2017.

The total revenue for financial year 2017 increased by 21.8% when compared to the financial year 2016. Even though the revenue had increased but the profit before taxation and profit attributable to owners of the Company decreased by 29.1% and 49.7% respectively. This is mainly due to the losses on foreign exchange and currency translation differences for foreign operations of RM22.0 million and RM16.8 million respectively. Our core profit attributable to owners of the Company for financial year 2017 stands at RM51.4 million as compared with RM102.2 million for financial year 2016.

Our palm oil equipment and engineering segment achieved a revenue of RM366.2 million and profit before taxation of RM78.7 million for financial year 2017. The decrease in profit before taxation was largely due to the foreign exchange losses. The financial year 2017 was an exceedingly challenging year but nevertheless our order book remain healthy and closed at RM426 million as at 31 December 2017, marginally higher than the previous financial year.

Our special purpose vehicles segment achieved a revenue of RM327.8 million and profit before taxation of RM35.8 million for financial year 2017 which represent a year-on-year increase of 107.0% and 36.0% respectively. The profitability of this segment did not increase in tandem despite a strong growth in revenue mainly due to lower margin of a project that undermined by unfavourable foreign exchange during the financial year. With an order book of RM130 million, this segment is targeted to grow in the future as it continues to expand its vehicles portfolio to cater for the market's need not only in Malaysia but also with a plan to expand its business in the overseas market.

Our plantation and milling segment posted a loss of RM10.2 million for financial year 2017 as compared with losses of RM7.6 million for financial year 2016. This segment was still incurring losses because the age profile of the palm trees are relatively young, thereby generating low revenue. The set up and operating costs will continue to be incurred by this segment until maturity of the palm trees. Our first palm oil mill for this segment has been scheduled to be completed by end of 2018.

Our plantation associates and joint venture registered a strong growth for financial year 2017 and our share of results improved year-on-year by 42.5% to RM12.9 million, mainly due to increase in prices and production of palm products. As the palm trees in these companies are mostly mature, the future performance is dependent on their yield and future prices of palm products.

As our Group's performance were affected by the state of the Malaysian economy, we quote below an extract from Bank Negara Malaysia's 2017 report.

"During 2017, the Malaysian economy recorded a growth of 5.9% (2016: 4.2%). Headline inflation moderated to 3.5% in 4Q 2017 (3Q 2017: 3.6%) due mainly to lower inflation in the housing, water, electricity and gas and transport categories. Growth is expected to remain favourable in 2018, with domestic demand continuing to be the key driver of growth. The expected faster expansion in global growth would continue to benefit Malaysia's exports, with positive spill-overs to the domestic economic activity. Headline inflation is expected to moderate in 2018, reflecting a smaller contribution from global cost factors and a stronger ringgit compared to 2017. Upward pressures from the robust demand condition will be contained by continued spare capacity in the labour market and on-going investment for capacity expansion. The trajectory for headline inflation, however, will remain dependent on the trend of global oil prices, which remains highly uncertain."

*(Bank Negara Malaysia, 14 February 2018)*

In our palm oil equipment and engineering segment, we will continue to focus on growing our order book and increasing our clientele base. In view of the technological advantage of our Modipalm Continuous Sterilization palm oil mills as well as our track record of excellent deliveries, we will continue to, not only expand existing business relationships but also to develop new clientele base with the hope of achieving a sustainable growth path. We will also continue to invest in research and development, as the management is slowly progressing towards the commercialization of the “zero discharge” technology, a new innovation in the field of waste management for palm oil mills.

In our special purpose vehicles segment, the management remains cautiously optimistic of securing more new supply and delivery contracts through active marketing of new products across new geographical markets. We will continue to build on our capabilities to grow our special purpose vehicles segment.

In our plantation and milling segment, with a land bank of approximately 32,000 hectares, whereby 11,574 hectares have been planted in totality, the management remains committed to improve the plantation development based on our plan to drive our Group’s long term growth.

### **Corporate Exercises**

We announced on 28 July 2017 that Avecpalm Marketing Resources Sdn. Bhd. (“AMR”), a 80%-owned subsidiary of CBIP has entered into a Sale and Purchase Agreement with Beebull Engineering Sdn. Bhd. to acquire a parcel of freehold land held under Geran 58844 Lot 64258 Mukim Damansara Daerah Petaling measuring approximately 2215 square metres together with a factory unit erected thereon, for a total cash consideration of RM8 million. The acquisition will enable AMR and CBIPH Group to expand its existing business activities as well as to take up more business opportunities.

We announced on 29 May 2017 that the disposal of shares in PT Gumas Alam Subur, PT Kurun Sumber Rezeki and PT Manyangan Jaya has been completed following the fulfilment of conditions precedent and the receipt of the Final Phase Payment from the buyer on 26 May 2017.

We announced on 4 May 2017, CB Industrial Product Sdn. Bhd. (“CBIPSB”), a wholly - owned subsidiary of the Company had incorporated a new subsidiary in Republic of Guatemala, Modipalma Latin America, Sociedad Anonima (“Modipalma”), and had subscribed for the 99.6% of the issued and paid-up capital of Modipalma, representing 548 shares of GTQ100.00 each for a total cash consideration of GTQ54,800 which equivalent to RM32,272. After the exercise, Modipalma shall become a subsidiary of CBIPSB.

### **Upholding Shareholders’ Value**

In line with our practice of distributing cash dividends amounting to a target 30% of the profit after taxation attributable to owner of the parents, the Board have declared a total adjusted cash dividend payout of 6 sens for the financial year ended 31 December 2017, despite a weaker growth environment. We will continue to explore sustainable growth strategies to further enhance our shareholders’ value.

### **A word of Appreciation**

I wish to take this opportunity to express my heartfelt gratitude and appreciation to our Board of Directors, the management team and our employees for their dedicated, unwavering support.

Last but not least, I would like to thank our shareholders, customers, vendors and other stakeholders, who have placed their faith in us since our humble beginnings until today.

## **TAN SRI DATUK DR. YUSOF BIN BASIRAN**

INDEPENDENT

NON-EXECUTIVE CHAIRMAN



## BOARD OF DIRECTORS



**TAN SRI DATUK  
DR. YUSOF BIN BASIRAN**  
INDEPENDENT NON-EXECUTIVE  
CHAIRMAN



**DATUK LIM CHAI BENG**  
MANAGING DIRECTOR



**Y.D.M. TENGKU DATO'  
ARDY ESFANDIARI BIN  
TENGKU ABDUL HAMID  
SHAH ALHAJ TENGKU SERI  
PADUKA SHAHBANDAR  
(SELANGOR)**  
EXECUTIVE DIRECTOR



**MAK CHEE MENG**  
EXECUTIVE DIRECTOR



**LIM CHAI HUAT**  
NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**WONG CHEE BENG**  
SENIOR INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**IRIN TAN SU FERN**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR



**DATUK MOHAMAD NAGEEB  
BIN AHMAD ABDUL WAHAB**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR



**LIM ZEE PING**  
ALTERNATE DIRECTOR  
TO DATUK LIM CHAI BENG

## PROFILE OF DIRECTORS



**TAN SRI DATUK DR. YUSOF BIN BASIRAN**  
INDEPENDENT NON-EXECUTIVE CHAIRMAN

**TAN SRI DATUK DR. YUSOF BIN BASIRAN**, male, aged 69, Malaysian, was appointed to the Board on 20 February 2006.

He is also presently a Director of Sime Darby Plantation Berhad.

He is also involved in the following organisations:-

- Senior Fellow and Past President of Academy Sciences Malaysia (ASM)
- Fellow member of Malaysian Oil Scientists' and Technologists' Association (MOSTA)
- Fellow member of the Incorporated Society of Planters

His notable academic achievements are as follows:-

- In 1972, he obtained his Bachelor in Chemical Engineering Degree from the University of Canterbury, New Zealand;
- In 1974, he obtained his Post-Graduate Degree in Rubber Technology (ANCRT) from the United Kingdom; and
- In 1976, he obtained his Masters Degree in Engineering specialising in Industrial Management (M.E.) and also in Business Administration (MBA) from the Catholic University of Leuven in Belgium.

Before he joined Palm Oil Research Institute of Malaysia (PORIM) in 1979, he held the position of Rubber Technologist/Techno-Economist with the Rubber Research Institute (RRI)/Malaysian Rubber Research Development Board (MRRDB).

In 1986, he completed his doctorate with a PhD in Applied Economics and Management Science from the University of Stirling, Scotland. He was later appointed as the Director-General of PORIM in 1992. He held the position for 8 years until April 2000 before assuming the role of the Director-General of Malaysia Palm Oil Board (MPOB), an organisation which existed as a result of a PORIM and Palm Oil Registration and Licensing Authority (PORLA) merger, from 1 May 2000 until 18 January 2006. He was formerly the Chief Executive Officer of the Malaysian Palm Oil Council (MPOC) and a Director of Bank Negara Malaysia. He is currently an Advisor to the Minister of Plantation Industries and Commodities of Malaysia since 1 March 2017.

For all these services, he was conferred the Federal Awards Darjah JOHAN MANGKU NEGARA (J.M.N.), Darjah Yang Mulia PANGLIMA JASA NEGARA (P.J.N.) and Darjah Kebesaran PANGLIMA SETIA MAHKOTA (P.S.M.).

## PROFILE OF DIRECTORS



**DATUK LIM CHAI BENG**  
MANAGING DIRECTOR

**DATUK LIM CHAI BENG**, male, aged 59, Malaysian, was appointed to the Board on 3 February 1999.

He is one of the founders of C.B. Industrial Product Sdn. Bhd. and also the Managing Director of this subsidiary company, a position he holds until today. He is also the Managing Director of the subsidiary companies, Modipalm Engineering Sdn. Bhd. and PalmitEco Engineering Sdn. Bhd. He has vast experience in the engineering industry. He is the driving force behind the Group's growth and responsible for the overall management and formulation of the Group's strategic plans and policies. He possesses strong inter-personal and management skills, which inculcates a good rapport with the highly motivated and dedicated workforce.

On 28 July 2009, Datuk Lim was awarded the Outstanding Entrepreneurship Award 2009 by Enterprise Asia.



**Y.D.M. TENGKU DATO' ARDY ESFANDIARI BIN TENGKU ABDUL HAMID SHAH ALHAJ TENGKU SERI PADUKA SHAHBANDAR (SELANGOR)**  
EXECUTIVE DIRECTOR

**Y.D.M. TENGKU DATO' ARDY ESFANDIARI BIN TENGKU ABDUL HAMID SHAH ALHAJ TENGKU SERI PADUKA SHAHBANDAR (SELANGOR)**, male, aged 58, Malaysian, was appointed to the Board on 3 February 1999.

He is an established business entrepreneur with extensive networking and great public relations skills. He was previously the Director/Project Director of Worldwide Holdings Berhad for more than 8 years and was involved in the restructuring exercise of the Company in the year 1990.

He was appointed a director of C.B. Industrial Product Sdn. Bhd. in 1994 and is responsible for the public affairs and government liaison of this subsidiary company. He is also the Managing Director of the subsidiary company, AVP Engineering (M) Sdn. Bhd., principally involved in the retrofitting of specialised vehicles.

He was bestowed with the Darjah Kebesaran Dato'-Sultan Sharafuddin Idris Shah (D.S.I.S.) award in conjunction with the 67th birthday of the Sultan of Selangor.



**MAK CHEE MENG**  
EXECUTIVE DIRECTOR

**MAK CHEE MENG**, male, aged 63, Malaysian, was appointed to the Board on 3 February 1999.

Prior to joining C.B. Industrial Product Sdn. Bhd. in 1994, he was the Manager (Industrial Division) from 1982 to 1989 for Centrimax Engineering Sdn. Bhd., a company principally involved in the supply of palm oil mill equipment and related services, where he was responsible for the sales and marketing division. He is the founder of AV-Ecopalms Sdn. Bhd. and Avecpalm Marketing Resources Sdn. Bhd. He is instrumental in developing the export market in the West African countries, Papua New Guinea and the South American tropical belt countries.

From 2010 to 2012, he was appointed as the Plantation Director of Sachiew Plantations Sdn. Bhd. to oversee the operations of Sachiew Plantations Sdn. Bhd. and Empresa Estate Sdn. Bhd. and Palm Oil Milling. He is currently the Managing Director of the subsidiary company, AV-Ecopalms Sdn. Bhd., managing the green field development of 32,000 ha potential landbank for oil palm cultivation in Central Kalimantan, Indonesia.

## PROFILE OF DIRECTORS



**LIM CHAI HUAT**  
NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR

**LIM CHAI HUAT**, male, aged 57, Malaysian, was appointed to the Board on 3 February 1999. He is the Chairman of the Nomination Committee and also a member of the Audit and Remuneration Committees.

He is one of the founders of C.B. Industrial Product Sdn. Bhd. He joined Chin Beng Engineering Works in 1980 as the Operations Manager. When Chin Beng Engineering Works was incorporated into a private limited company under its present name of C.B. Industrial Product Sdn. Bhd. in 1983, he was promoted to Production Manager due to his vast experience and track record in the manufacturing division. In 1985, he was further promoted to Project Director where he headed the project team and managed the Project Division e.g. construction of the plants in Telok Panglima Garang currently housed as Head Office of CBIPH Group. He currently acts as an advisor for palm oil mill projects and the administration of the factory and Property Division.

He is the Managing Director of Freiberg (Malaysia) Sdn. Bhd. ("Freiberg"), a company which was granted a license from Australia to manufacture environmental office furniture and partitions. He is also Director of Office 2 Go (M) Sdn. Bhd. and Freiberg Properties Private Limited Company which involved in trading of office furniture and properties leasing businesses.



**WONG CHEE BENG**  
SENIOR INDEPENDENT  
NON-EXECUTIVE DIRECTOR

**WONG CHEE BENG**, male, aged 64, Malaysian, was appointed to the Board on 23 May 2002. He is the Chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee.

He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He also holds a Master of Business Administration (MBA) from Brunel University, United Kingdom and is a Certified Financial Planner (CFP).

He has more than 30 years of experience in the areas of auditing, accounting, financial management, business entrepreneurship and company secretarial work.



**IRIN TAN SU FERN**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR

**IRIN TAN SU FERN**, female, aged 26, Malaysian, was appointed to the Board on 1 October 2016. She is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

She graduated from University of Reading United Kingdom with a Bachelor of Law (LLB) in 2013. She then pursued her post-graduate professional Certificate in Legal Practice (CLP) (governed by the legal Professional Act 1976). She read in chambers and was subsequently admitted to the Malaysian Bar as an Advocate and Solicitor in the High Court of Malaya. She was then in active practice in Messrs Shook Lin & Bok, Malaysia as a Legal Associate.

She is also a member of the Malaysian Bar and Association of Women Lawyers.

## PROFILE OF DIRECTORS



**DATUK MOHAMAD NAGEEB  
BIN AHMAD ABDUL WAHAB**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR

**DATUK MOHAMAD NAGEEB BIN AHMAD ABDUL WAHAB**, male, aged 63, Malaysian, was appointed to the Board on 19 March 2018. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Datuk Mohamad Nageeb holds a Diploma in Natural Rubber Processing and Applied Science (Rubber Research Institute of Malaysia).

He began his career with Kuala Lumpur Kepong Berhad in 1979 as Cadet Planter and was exposed to various crop mix such as cocoa, rubber and oil palm including processing facilities.

In 1992, he joined Kumpulan Guthrie Bhd Head Office as Manager, Estates Department overseeing the Rubber Processing & Strategic Management Unit. In 1996, he was seconded to an associate Company in Thailand whose primary business is in rubber processing and served there for 11 years in various capacities including as Managing Director from 2001. At the end of 2007, upon the merger of the 3 entities, Guthrie, Golden Hope and Sime Darby, he returned back to Kuala Lumpur to take up a new role in Sime Darby Plantation Berhad as Senior Vice President, Plantation Upstream, heading the Group, Rubber/Other Crops Operations and Mechanisation Unit as well as being involved in the Upstream rubber expansion plans of the Company. In January 2014, he was promoted as Senior Vice President 1 and assumed the role as Head, Upstream Malaysia, taking charge of all estates totaling 340,000 hectares, 34 oil mills and 2 rubber factories. He retires from Sime Darby Plantation Berhad in September 2017.

Immediately after retiring, he was appointed by the Malaysian Palm Oil Association (MPOA) as its Chief Executive. A position he held till present.

Throughout his long career span, he held various positions in the Industry, including Deputy President of Malaysian Agricultural Producers Association (MAPA), Member of the National Labour Advisory Council (NLAC) and Malaysia's representative to the International Tripartite Rubber Council (ITRC) amongst others.

For his service to the Industry, he was conferred the Panglima Jasa Negara (PJN) by his Majesty Yang Di Pertuan Agong in 2017.



**LIM ZEE PING**  
ALTERNATE DIRECTOR  
TO DATUK LIM CHAI BENG

**LIM ZEE PING**, male, aged 32, Malaysian, was appointed as an Alternate Director to Datuk Lim Chai Beng, the Managing Director of the Company, on 6 June 2014.

Mr Lim graduated from Monash University of Australia with a Bachelor of Engineering in the field of Mechanical Engineering. He has worked under Modipalm Engineering Sdn. Bhd. after his graduation since year 2010. Having spending his time at the production, he is currently involving in the sales & marketing department, where he oversees the overseas market such as Africa, Central America and Papua New Guinea.

## PROFILE OF KEY SENIOR MANAGEMENT

### **TAN HOCK YEW**

CHIEF FINANCIAL OFFICER

*Male, aged 50, Malaysian.*

He joined the company as the Group Accountant in 1997 and was later promoted as the Chief Financial Officer. Prior to joining the company, he had worked in a public accounting firm for 4 years. He has more than 20 years of experience in the areas of auditing, accounting and finance.

He graduated with his professional qualification from the Chartered Institute of Management Accountants ("CIMA") in 1993. He was admitted as an associate member of CIMA in 1996. He is also a member of the Malaysian Institute of Accountants since 1997.

He is also the director of several subsidiaries of CBIPH in Indonesia.

### **LIM ZEE YANG**

CORPORATE DEVELOPMENT AND CORPORATE RELATION MANAGER

*Male, aged 28, Malaysian.*

He graduated from University of Melbourne with a Bachelor in Commerce in the field of finance. Prior to joining the Company in 2013, he worked for one and a half years as an analyst in the Corporate Finance Department of Maybank Investment Bank Berhad, where he was involved in various corporate exercises ranging from take-overs, initial public offerings as well as mergers and acquisitions.

He is currently responsible for screening and evaluation of new business initiatives for the Group and also heads the investor relations department, tasked with engaging in active communication with various stakeholders of our Group.

### **TAN YU HWA**

EXECUTIVE DIRECTOR, ENGINEERING DIVISION

*Male, aged 59, Malaysian.*

Mr Tan graduated with B.Sc. (Hons) Mechanical Engineering from University of Sussex and Master of Business Administration from University of Hull. He was appointed as the Executive Director of C.B. Industrial Product Sdn. Bhd. on 8 August 2000. Subsequently, he was also appointed as the Executive Director of Modipalm Engineering Sdn. Bhd. and PalmitEco Engineering Sdn. Bhd. in year 2005 and 2016 respectively. Prior to joining the Company, he had worked as Palm Oil Mill Engineer and Manager at Golden Hope Plantation Berhad and as the General Manager of Guthrie Medium Density Fiberboard Sdn. Bhd. He has more than 35 years of experience in engineering and palm oil industries.

He is currently overseeing the project and engineering division. He is also the Director of several companies within CBIPH Group.

## PROFILE OF KEY SENIOR MANAGEMENT

### **KOO BOON HOE**

EXECUTIVE DIRECTOR, BOILER DIVISION

*Male, aged 60, Malaysian.*

Mr Koo was appointed as the Executive Director of Advance Boilers Sdn. Bhd. on 12 January 2006. Prior to joining the Company, he had worked with American and German based Multi-National Companies for 23 years where he responsible for the Industrial Control and Fluid Automation Division. Thereafter, he was promoted as the General Manager.

Currently, he oversees the overall operation of the boiler division including sales and marketing.

### **DATO' KU AZHAR BIN KU AHMAD**

EXECUTIVE DIRECTOR, SPECIAL PURPOSE VEHICLES DIVISION

*Male, aged 53, Malaysian.*

Dato' Ku Azhar graduated from The University of New South Wales Australia with Bachelor of Engineering in Mechanical Engineering. Before joining the Company, he had worked with UMW Engineering (M) Sdn. Bhd. and Guthrie Industries (M) Sdn. Bhd. as Assistant Design Manager and Production Manager for 6 years and 9 years respectively.

He was appointed as the Executive Director of AVP Engineering (M) Sdn. Bhd. in 2004. He is currently involving in overall marketing and production of the Special Purpose Vehicles Division. He is also the Director of several companies within the CBIPH Group and a shareholder of AVP Engineering (M) Sdn. Bhd.

### **SITI ZAWIYAH BINTI ALIAS**

EXECUTIVE DIRECTOR, SPECIAL PURPOSE VEHICLES DIVISION

*Female, aged 48, Malaysian.*

Puan Siti Zawiyah graduated from University Technology of Malaysia (UTM) with Bachelor Degree of Mechanical Engineering in Industrial. She joined AVP Engineering (M) Sdn. Bhd. as Senior Manager in 2005 and was appointed as the Executive Director of AVP Engineering (M) Sdn. Bhd. in 2017. She is also a shareholder of AVP Engineering (M) Sdn. Bhd. Prior to joining the Company, she had worked with Wagon Engineering Sdn. Bhd. as Manager for 8 years and with Guthrie Industries Sdn. Bhd. as Head of Specialised Vehicle for 5 years.

Currently, she is responsible for the daily operation of AVP Engineering (M) Sdn. Bhd. and managing all potential and projects secured.



### Notes to Directors' and Key Senior Management's Profile:

#### 1. Family Relationships

Mr Lim Chai Huat is the brother to Datuk Lim Chai Beng, a Director and major shareholder of the Company.

Mr Lim Zee Ping and Mr Lim Zee Yang are the sons of Datuk Lim Chai Beng and nephew to Mr Lim Chai Huat, a Director of the Company.

The other Directors and Key Senior Management do not have any family relationship with any Directors and/or major shareholder of the Company.

#### 2. Conflict of Interest

None of the Directors and Key Senior Management has any conflict of interest with the Company.

#### 3. Conviction of Offences

None of the Directors and Key Senior Management has been convicted for offences within the past five (5) year other than traffic offences or any public sanction or penalty imposed on him/her by the relevant regulatory bodies during the financial year 2017.

#### 4. Attendance at Board Meetings

The detail of attendance of the Directors at the Board Meeting are set out on page 49 of this Annual Report.

#### 5. Directors' Shareholdings

The details of the Directors' interest in the securities of the Company are set out in the Analysis of Shareholdings and Analysis of Warrant Holdings on page 134 and page 137 of this Annual Report.

#### 6. Directorships in Public Companies and Listed Corporation

Save as disclosed herein, none of the Directors and Key Senior Management hold any other directorship of public companies and listed corporations.



# MANAGEMENT DISCUSSION AND ANALYSIS

## GROUP OVERVIEW

CB Industrial Product Holding Berhad (“CBIP” or “Group”), a company listed on Bursa Malaysia Securities Berhad (“Bursa Securities”) in May 1999, is a leading manufacturing and engineering based company specialising in the construction of palm oil mills, manufacturing of palm oil mill equipment, machinery and related parts.

Other main business segments in the Group include retrofitting of special purpose vehicles and development of palm oil plantation and milling.

The historical five years financial information of CBIP is set out below:

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	590,441	600,893	541,274	557,883	704,058
Profit before tax	125,609	107,045	141,350	137,176	97,225
Finance costs	606	740	1,350	1,462	2,324
Profit attributable to owners of parent	98,416	91,205	97,985	102,210	51,409
Shareholders' equity	529,951	598,633	668,822	724,770	724,477
Total assets	714,206	841,672	975,933	1,020,497	1,003,394
Borrowings	3,990	22,434	19,728	31,972	67,267
Debt/equity (%)	0.75	3.75	2.95	4.41	9.28
*Adjusted earnings per share (sen)	18.5	17.2	18.5	19.4	9.6
*Adjusted net assets per share (RM)	1.00	1.13	1.27	1.38	1.39
*Adjusted dividend per share (sen)	5	5.50	10.0	6.0	6.0

Note:

\* *Adjusted to enlarged share capital after bonus issue in 2014*

The share performance of CBIP is set as below:

Year high	RM2.18
Year low	RM1.73
Year close	RM1.78
Market capitalization as at 31 December 2017	RM930,549,749

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS SEGMENTS

### 1) Palm Oil Equipment and Engineering Segment

Our palm oil and equipment engineering segment has been equipping palm oil mills globally with high quality processing equipment and parts since the 1970s. Our business model is centred around the supply of machineries and turnkey construction of both the Modipalm Continuous Sterilization and conventional palm oil mills for oil palm plantation companies. We serve a wide array of clientele which includes, but not limited to Sime Darby Plantation, TH Plantations, PT Sinarmas and United Plantations. Besides turnkey construction, we are also involved in the sales of palm oil equipment and spare parts to the milling industry. Our primary products among other, includes fresh fruit bunch crushers, pressure vessels and threshers.

Geographically, our markets are well established in Indonesia, Malaysia, Papua New Guinea, Thailand, Africa and the Central American region. Our suppliers provide us with various raw materials utilised in the process of manufacturing which includes but not limited to mild steel plates, stainless steel plates, pumps and motors.

The historical five years revenue and profit before tax of the palm oil equipment and engineering segment are set out below:

Year	Revenue	Profit Before Tax
	RM'000	RM'000
2013	328,250	79,948
2014	447,383	91,426
2015	415,786	112,017
2016	416,231	102,598
2017	366,175	78,686

Our strategy for the palm oil equipment and engineering segment is to grow our revenue by expanding existing clientele business while developing new ones to achieve a sustainable growth path. We also target to expand our sales of palm oil equipment and spare parts business by creating and expanding our distribution network through fostering of strategic partnership with local dealers.

A continued investment in research & development remain the core of the overall strategy of the group. We have invested our resources with the expectation of commercialising the zero-discharge technology which is an innovative solution focused on making waste management within palm oil mills a sustainable and environmentally friendly process. We plan to commercialise this technology in the near to the medium term.

Our palm oil equipment and engineering segment is exposed to certain factors affecting its business, namely lower crude palm oil prices which affects the capital expenditures of oil palm plantation companies, the depreciation of US Dollars against the Malaysian Ringgit as a portion of our contracts are denominated in US Dollars and also steel prices, being the main major raw material used in the manufacture of palm oil mills and equipment.

### 2) Special Purpose Vehicles Segment

Our special purpose vehicles segment is involved in the retrofitting of special purpose vehicles in which we supply various types of specialised vehicles which includes, among others, medium and heavy-duty trucks, fire-fighting vehicles and ambulances. Our customer base includes various agencies such as the Ministry of Urban Wellbeing, Housing and Local Government, the Ministry of Health and the National Security Council. Currently our market is only within our country. Our local and foreign suppliers provide us with various work in progress materials such as vehicle chassis and equipment needed to be retrofitted into the vehicles.

## MANAGEMENT DISCUSSION AND ANALYSIS

The historical five years revenue and profit before tax of the special purpose vehicles segment are set out below:

Year	Revenue	Profit Before Tax
	RM'000	RM'000
2013	261,969	41,671
2014	152,423	20,815
2015	123,356	28,956
2016	158,371	26,316
2017	327,840	35,798

Our strategy for the special purpose vehicles segment is to grow our vehicles portfolio to meet the increasing needs of specialised vehicles by the government bodies. Indeed this strategy will ensure a long term growth pathway as the special purpose vehicles segment continues to strengthen and grow its capabilities. Our special purpose vehicles segment will also continue to pursue business developments with government bodies not only in Malaysia, but also view a view to establish itself in the overseas market.

Our special purpose vehicles segment is exposed to certain factors affecting its business, namely the depreciation of the Malaysian Ringgit against the Euro Dollars for the purchases of materials as well as the government's budget which will affect the demand of our products.

### 3) Palm Oil Plantation and Milling Segment, Associates and Joint Ventures

Our palm oil plantation is involved in the cultivation of oil palm in Indonesia and Sarawak. In Indonesia, we have a land bank of approximately 32,000 hectares, of which 11,574 has been planted as at 31 December 2017. Through our associates and joint venture companies, we have interest in approximately 7,000 hectares of mature oil palms in the state of Sarawak. Our main suppliers amongst others are made up of fertiliser and chemical companies.

The historical five years revenue and profit before tax of the palm oil plantation and milling segment and share of results of associates and joint venture are set out below:

Year	Revenue	Profit Before Tax
	RM'000	RM'000
2013	222	(4,960)
2014	1,042	(11,015)
2015	2,132	(3,967)
2016	3,281	(7,557)
2017	10,043	(10,243)

Year	Share of results of associates and joint venture (Profit after tax)
	RM'000
2013	8,021
2014	4,889
2015	4,674
2016	9,016
2017	12,851

# MANAGEMENT DISCUSSION AND ANALYSIS

Our strategy for the palm oil plantation and milling segment is to complete our planting developments in Indonesia with a target of commissioning our first palm oil mill by end 2018/early 2019. With the commissioning of the palm oil mill, we will add another new revenue stream to our Group which are quite low at present.

## OPERATIONS REVIEW

### Financial Results

For the financial year ended 31 December 2017, the Group achieved a revenue of RM704.1 million representing a year-on-year growth of 21.8%. The increase in revenue was mainly due to achieved based on a 107.0% increase in the revenue of the special purpose vehicles segment as a result of higher project implementation and billing during the financial year. The palm oil equipment and engineering segment posted a drop in revenue of 12.0%.

Despite the increase in revenue, the Group's profit before taxation decreased from RM137.2 million to RM97.2 million representing a drop of 29.1% in profit as compared to the previous financial year. The decrease was mainly due to higher administrative and other expenses by 16.7% alongside with a lower other income by 44.7%. The adverse results were mainly due to losses on foreign exchange amounting to RM22.0 million incurred during the current financial year as compared to gains on foreign exchange of RM16.1 million posted in the previous financial year. In addition, the lower gross profit margin posted by the special purpose vehicles and palm oil equipment and engineering segments was mainly due to higher production and labour costs.

The share of results in associates posted a net of tax profit of RM12.1 million, an increase of 85.4% as compared to the previous financial year of RM6.5 million. The share of results in joint ventures decrease from RM2.5 million in the previous financial year to a net of tax profit of RM0.8 million. The improved performance in associates was mainly due to higher prices and production of palm products whereas the lower contribution by joint venture was mainly due to lower FFB production during the current financial year.

The Group's profit after taxation decreased by 41.5% from RM112.0 million to RM65.6 million in the current financial year. The decrease was mainly due to higher income tax expense as a result of under provision of income tax in prior financial years of RM2.8 million as compared to an overprovision of income tax of RM8.8 million in the previous financial year.

### Liquidity and Capital Resources

The Group's cash and cash equivalents decreased by 18.4% to RM134.4 million from RM164.7 million in the previous financial year. The Company declared and paid interim dividends amounting to RM31.4 million during the current financial year. The Group also spent capital expenditure amounting to RM68.7 million primarily for the oil palm plantation development in Indonesia.

The Group's bank borrowings increased by 110.3% from RM32.0 million at the end of previous financial year to RM67.3 million mainly due to the increase in short term financing for its working capital. In addition, a new term loan was granted to a subsidiary of the Company to finance its acquisition of a property. With the additional borrowings, the Group's debt/equity ratio has increased to 9.3% as compared to 4.4% at the end of previous financial year. The Group remains prudent in managing its capital and financial position to ensure entities within the Group will be able to maintain an optimal capital structure.

### Working Capital Position

As at 31 December 2017, the Group has trade and other receivables of RM154.5 million, a decrease of 14.9% as compared to RM181.5 million as at 31 December 2016. This was mainly due to decrease in trade receivables resulting from effective credit control implemented by the palm oil equipment and engineering segment.

As at 31 December 2017, the Group has trade and other payables of RM96.9 million, a decrease of 25.6% as compared to RM130.2 million as at 31 December 2016. This was mainly due to decrease in trade payables by 41.0% as certain projects by the special purpose vehicles segment were at the completion phase at the end of current financial year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## RISK FACTORS

### Social, Political and Economic Risks

As in all other businesses, adverse developments in the economic, political and social conditions in Malaysia and other international markets in which our Group has material operations could materially and adversely affect the business and financial performance of our Group as well and cause a slowdown of the Group's growth plans. These include risks of changes in political leadership, war, expropriation, nationalisation, changes in government policies, global economic downturn, epidemic outbreaks, social unrests, changes in currency exchange rates, interest rates and accounting standards and unfavourable changes in government policies such as introduction of new regulations, interest rate hikes and increase in taxation.

Our Group continues to take measures to mitigate these risks including close monitoring of the Government's masterplan in respect of long term economic and development policies so that we can stay ahead as well as capitalise on any regulatory changes in the industries that our Group operates.

### The Management Team and Experienced Personnel

The management team has the breadth and depth of expertise necessary to manage the Company. Together with a large pool of home grown talent, the management team is well-tuned to the domestic, regional, global dynamics and challenges of the industry. Representatives of our major shareholders on our Board bring an invaluable set of expertise and relationships to guide our long-term strategic growth. Moreover, CBIP has one of the best workforce in the industry with positive employee relations and strong employee loyalty.

Our Directors recognise the importance of our Group's ability to attract and retain its key personnel and retain a sufficient number of highly skilled employees. We provide our employees with long-term career prospects within our Group and job rotation opportunities to develop multiple skills. Our productivity driven reward structure motivates our employees to reach our competitive productivity standards and continuously seek for improvements.

### Price and Foreign Currency Fluctuation Risks

The price of crude palm oil and palm kernel are based on global prices, which tend to be cyclical and subject to fluctuations. Global prices are in turn affected by the availability of agricultural commodities, of which supply is affected by unpredictable factors such as weather conditions, while demand is affected by factors such as changes in population growth, changes in standard of living, bio-diesel demand and global production of substitute and competitive crops.

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The foreign currency risk is partially managed through a natural hedge between the sales and purchases in the same currencies, the remaining is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

### Competitive Environment

In its operations, CBIP competes with many companies of various sizes. There can be no assurances that we will not be affected by our competitors especially those who operate in the palm oil milling and special purpose vehicle. However, we are confident with our competitive advantages as we are able to adapt through continuous business development and innovation in order to maintain and grow our standing in both market places.

## PROSPECT MOVING FORWARD

With crude palm oil prices somewhat stabilising and a strong order book for the palm oil equipment and engineering segment and barring unforeseen circumstances, we are cautiously optimistic of achieving satisfactory results for the next financial year ending 31 December 2018.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Tan Sri Datuk Dr. Yusof Bin Basiran  
Independent Non-Executive Chairman

Datuk Lim Chai Beng  
Managing Director

Lim Chai Huat  
Non-Independent Non-Executive Director

Mak Chee Meng  
Executive Director

Y.D.M Tengku Dato' Ardy Esfandiari Bin Tengku  
Abdul Hamid Shah Alhaj Tengku Seri Paduka Shahbandar  
Executive Director

Wong Chee Beng  
Senior Independent Non-Executive Director

Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab  
Independent Non-Executive Director  
(Appointed on 19 March 2018)

Irin Tan Su Fern  
Independent Non-Executive Director

Lim Zee Ping  
Alternate Director to Datuk Lim Chai Beng

### AUDIT COMMITTEE

Wong Chee Beng  
Chairman, Senior Independent Non-Executive Director

Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab  
Independent Non-Executive Director

Irin Tan Su Fern  
Independent Non-Executive Director

Lim Chai Huat  
Non-Independent Non-Executive Director

### COMPANY SECRETARIES

Teo Mee Hui (MAICSA 7050642)  
Ha Mui Ling (MAICSA 7063607)

### REGISTERED OFFICE

Lot 4, Jalan Waja 15  
Kawasan Perusahaan Telok Panglima Garang  
42500 Telok Panglima Garang  
Selangor Darul Ehsan  
Telephone No.: 03-3122 7117  
Facsimile No.: 03-3122 2629  
E-mail: info@cbip.com.my  
Website: www.cbip.com.my

### SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House Block D13  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : 03-7841 8000  
Facsimile No. : 03-7841 8008

### PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad  
HSBC Bank Malaysia Berhad  
AmBank (M) Berhad

### AUDITORS

Crowe Horwath  
Chartered Accountants  
Level 16, Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Telephone No.: 03-2166 0000  
Facsimile No.: 03-2166 1000

### STOCK EXCHANGE

Main Market  
Bursa Malaysia Securities Berhad

### STOCK CODE

Shares : 7076  
Warrants : 7076 WA

# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

CB Industrial Product Holding Berhad's ("CBIPH" or "the Group") maiden Sustainability Statement focuses on our current commitment and achievements with regards to sustainable practices implemented throughout our group's business operations.

### Scope of Statement

For our first year of reporting we have confined the scope of our statement to include the Group's corporate office and its wholly owned manufacturing subsidiary, Modipalm Engineering Sdn Bhd. The manufacturing division consists of two factories located in Teluk Panglima Garang, Selangor. We envision that as we progress forward in our sustainability journey we will include the Group's other business divisions in the coming years.

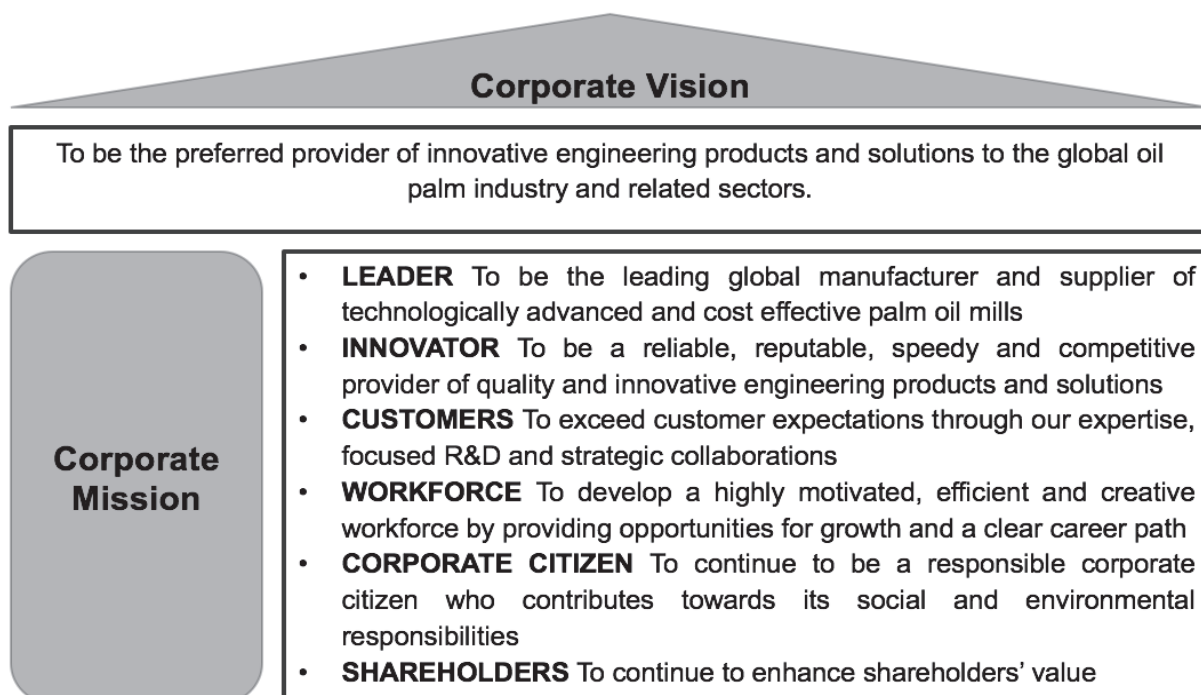
Unless stated otherwise, this statement presents reporting data between 1 January 2017 to 31 December 2017. The Group's Annual Report for the financial year 2017 will further support the contents of this statement for matters related to direct economic outcomes.

### Reporting Guideline

We report our sustainability measures using Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirement Practice Note 9 Article 6 as a principal guideline. The material aspects are identified and described based on the Global Reporting Initiatives ("GRI") G4 Guidelines, a prescribed guideline listed by Bursa Securities.

## SUSTAINABILITY STRATEGY: ACHIEVING SUSTAINABLE GOALS

Sustainability is an integral part of the Group's strategy to ensure long-term economic growth and business success. Our sustainability strategy is implemented in all areas of our business operation to achieve excellence.



# SUSTAINABILITY STATEMENT

## Sustainability Strategies



### SUSTAINABILITY GOVERNANCE: LEADING OUR SUSTAINABILITY EFFORTS

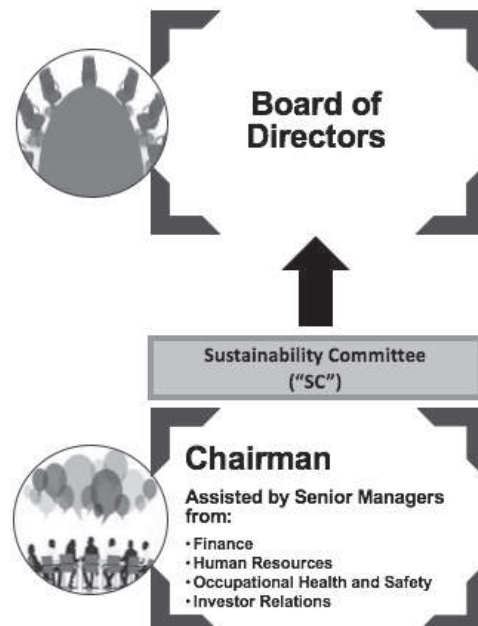
As part of our sustainability efforts, we restructured the way we view and manage sustainability across the Group. Our restructuring began with the establishment of a sound and responsible governance framework that will oversee the sustainability efforts and initiatives implemented across our business operations.

#### Governance Structure

As we strive towards the seamless integration of sustainability into our business philosophy, we have established a formal two-tiered sustainability governance structure involving both top management and employees at the operations level.

With the **Board of Directors (“the Board”)** at its apex, the governance structure extends to the **Sustainability Committee (“SC”)**, and the Chairman who is tasked with overseeing sustainability efforts and reporting its progress to the **Board**.

The **SC** further consists of senior management from four main divisions of the Group. Members of the **SC** are responsible for implementing approved sustainability strategies, identifying material sustainability matters that are material to CBIPH and monitoring the progress of the sustainability strategies.





# SUSTAINABILITY STATEMENT

## ROLES AND RESPONSIBILITIES

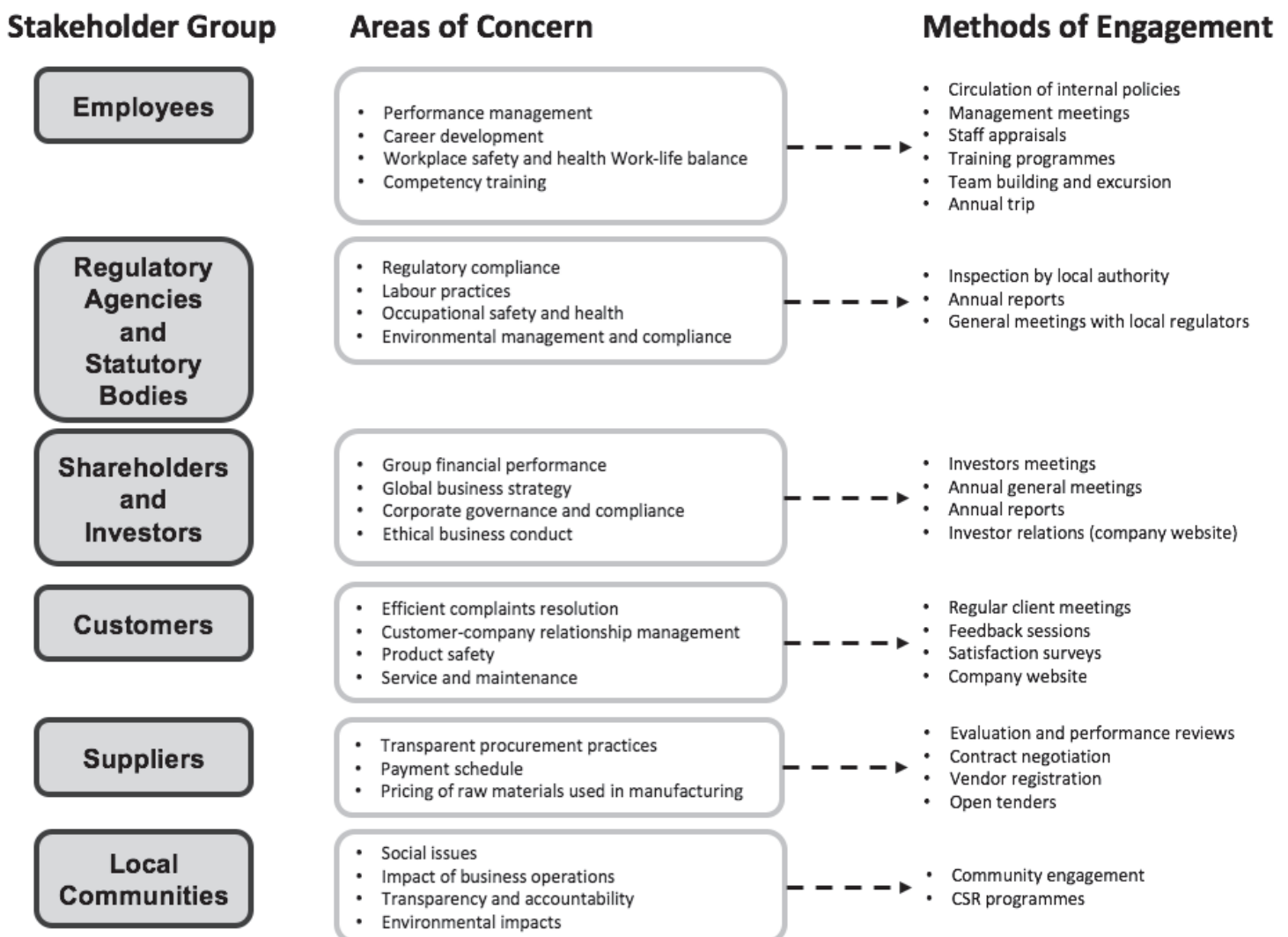
### Sustainability Committee

- Identify and recommend sustainability initiatives, standards and procedures pertinent to the Group’s business operations
- Identify relevant Economics, Environmental and Social (“EES”) risks and opportunities relevant to the Group
- Implement sustainability related initiatives approved by the Board to manage EES associated risks and opportunities across the Group’s business segments
- Monitor and report the status of sustainability efforts carried out across the Group to the Board on a periodical basis

## STAKEHOLDERS ENGAGEMENT: MAINTAINING A GOOD RELATIONSHIP

To improve our business transparency and decision making, it is critical to identify and understand the areas of concern of our internal and external stakeholders. We define our stakeholders as individuals or groups who are impacted by our Group’s business activities and our market presence. These stakeholders may also influence our operational or financial performance as well as brand reputation and recognition in the industry.

We maintain regular engagement with our key stakeholders as we believe their feedback is critical in improving our business. We have listed the main areas of concern and the methods by which the Group engages with the stakeholders.



# SUSTAINABILITY STATEMENT

## MATERIALITY MATTERS: PRIORITISING OUR MATERIAL ISSUES

Identifying material matters that impact the Group’s business operations and influences our stakeholders’ concerns, allows us to effectively articulate and manage our key EES aspects.

The materiality assessment is in line with Bursa Securities Sustainability Reporting Guide as we assess, evaluate and rank the Group’s material sustainability matters against its impact on our business operations and stakeholders interest.

### 1 Identification

Identified the material issues relevant to the Group’s business operations and issues that would also trigger the concern of our stakeholders.

### 2 Ranking

Ranked each material issue in a matrix to illustrate its level of importance to our stakeholders and business operations

## CBIP MATERIALITY MATRIX



# SUSTAINABILITY STATEMENT

	<b>Material Sustainability Matters</b>	<b>Relevant Stakeholder(s)</b>	<b>Applicable GRI Indicator(s)</b>
A	Corporate Governance and Transparency	Shareholders and Investors, Regulatory Agencies, and Customers	GRI General Standard Disclosure
B	Occupational Health and Safety	Employees and Regulatory Agencies	Occupational Health and Safety
C	Anti-Corruption	Shareholders and Investors, Regulatory Agencies, Employees and Customers	Anti-Corruption
D	Regulatory Compliance	Shareholders and Investors, Regulatory Agencies, Suppliers, Employees and Customers	Compliance
E	Financial Performance	Shareholders and Investors, Regulatory Agencies, and Customers	GRI General Standard Disclosure
F	Investor Relations	Shareholders and Investors	GRI General Standard Disclosure
G	Code of Ethics	Shareholders and Investors, Regulatory Agencies, Employees	GRI General Standard Disclosure
H	Product Quality Management	Suppliers and Customers	Product Service and Labelling
I	Product Innovation	Suppliers and Customers	Product Service and Labelling
J	Employee Rights and Labour Practices	Employees and Regulatory Agencies	Child Labour and Forced or Compulsory Labour
K	Hazardous Waste Management	Regulatory Agencies and Local Communities	Waste and Effluence
L	Training and Development	Employees	Training and Education
M	Supply Chain Management	Suppliers	GRI General Standard Disclosure
N	Employee Benefits and Wellbeing	Employees	Diversity and Equal Opportunity
O	Waste and Effluent	Regulatory Agencies and Local Communities	Waste and Effluent
P	Air Emissions	Regulatory Agencies and Local Communities	Emissions
Q	Water Consumption	Regulatory Agencies and Local Communities	Water
R	Customer Satisfaction	Customers	Product Service and Labelling
S	Contribution to Society	Local Communities	Local Communities
T	Energy Consumption	Regulatory Agencies and Local Communities	Energy

# SUSTAINABILITY STATEMENT

## ECONOMY: SUSTAINABLE INCOME DISTRIBUTION THROUGH INNOVATION AND PERFORMANCE

The increasing number of projects to build palm oil mills on individual estates has increased our profit margin and reduced processing costs from external contractors.

As one of the leading manufacturers of palm oil mills and mill machinery, we deliver the state-of-art patented Continuous Sterilisation System developed by our wholly-owned subsidiary, Modipalm Engineering Sdn. Bhd. The sterilising system showcases our brand innovation and propels the Group towards becoming one of the frontrunners in the palm oil mill engineering industry.

### Maintaining Stable Economic Performance

Our aim is to ensure sustainable business growth and long-term economic success. To this end, we adopt business practices that both enhances the economic value of the Group while also meeting the growing demand for palm oil manufacturing.

As palm oil processing becomes increasingly mechanised, we work hard to keep our equipment and business practices up-to-date which in turn translates to higher demand for our machinery and equipment.

### Direct Economic Contribution

The Group achieved earnings before tax of RM97.2 million from its continuing operations in the financial year 2017. We aim to continue to deliver regular and stable income distribution and to achieve sustainable long term growth through sustainable management practices.

Vital factors that contributed towards the Group's long-term sustainable growth and stable shareholders' returns are due to sound risk management practices coupled with strict corporate governing policies. We present a detailed breakdown of the financial results for the financial year 2017, five-year financial summary and direct economic value aspects, in the Group's 2017 Annual Report:

- Statement of Comprehensive Income, page 76
- Management Discussion and Analysis, page 15

### Governing the Business

In pursuing regulatory compliance and a sustainable business value chain, the Group believes that exemplary governing methods are important. We continuously strive to adhere to the requirements of the law and set out to achieve best practices through sound regulatory measures and controls.

To effectively govern our Group, we adhere to various acts and regulations that are relevant to our business operations:

- Employment Act 1955
- Factories and Machinery Act 1967
- Environmental Quality Act 1974
- Occupational Safety and Health Act 1994

Apart from legal requirements, we have established an internal Code of Ethics within the Group, along with other policies that are geared towards ensuring that our business growth in a transparent and ethical manner. The Code of Ethics also cover aspects of good employee conduct and the Group's expectations from its employees.

# SUSTAINABILITY STATEMENT

## Rewarding Employees

To build our business on fair and ethical grounds, our employees are offered competitive remuneration based on their working skills and experience within the engineering and manufacturing field.

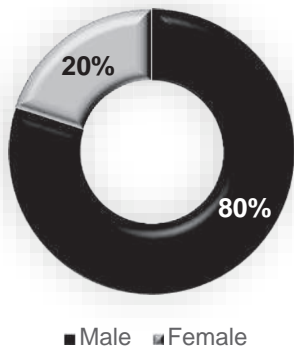
In addition to providing fair remuneration, we provide generous benefits to our fulltime employees by protecting their health and welfare. These benefits include a group hospitalisation medical scheme, group personal accident scheme, maternity leave for our female employees and a Clinic Panel medical card.

### Employee Benefits

- Group hospitalisation medical scheme
- Group personal accident scheme
- Maternity leave
- Clinic Panel medical card

## Local Hiring

**Gender Distribution of Senior Managers**



Where possible, the Group favours the hiring of Malaysians for senior management positions to further promote Malaysia’s local economy and provide opportunities for Malaysians to secure senior management positions.

For the current financial year, we are proud to announce that our senior management positions were wholly staffed by Malaysians. Our senior managers comprise of 80% males and 20% females.

## Procurement Practices

We aim to establish sustainable procurement practices by providing tender opportunities exclusively to local suppliers where possible.

In 2017, 90% of our suppliers were Malaysian companies. The table lists some of the local suppliers that we buy our materials. The principal raw materials used to build our mills and machinery are widely available from the local suppliers.

By purchasing from the local suppliers, we believe that both parties benefit as the Group can reduce its manufacturing costs by obtaining products locally while the suppliers are given opportunities for income growth and enhancing their market presence.

Local Suppliers Hired by the Group
Ann Joo Metal Sdn Bhd
Ann Yak Sion Hardware Sdn Bhd
Xinsteel Sdn Bhd
Magview Machinery Sdn Bhd
Advance Boilers Sdn Bhd

# SUSTAINABILITY STATEMENT

## Product Quality and Customer Satisfaction

The palm oil mills that we construct and the machinery needed to process the palm oil have to meet the demands and expectations of our clients. As such, the quality of our products is key to ensuring the sustainability and success of our business. Stringent quality assurance processes lead to positive outcomes for the Group which include sustainable business revenue and profit, ongoing customer satisfaction, repeat sales and enhanced brand goodwill.

As a testament to our commitment to product quality and innovation, we have taken the initiative to collaborate with the Malaysian Palm Oil Board. The result of this collaboration was the successful creation of our patented Modipalm Continuous Sterilisation system with palm oil processing capacities of between 5-tonnes per hour to 120-tonnes per hour. The sterilisation system's wide range of operating capacities provides a wide product service diversity, cater to the needs of our clients.

We carry out regular customer satisfaction surveys via follow-up calls after product delivery to gather their feedback on the palm oil mills or the mill equipment we supplied. This method of engagement ensures our prompt response to any issues identified in our products and leads to customer satisfaction.

## EMPLOYEES: SUSTAINING HEALTHY WORK BALANCE AND PROTECTING WORKPLACE SAFETY

Human capital is the backbone to achieving business success and longevity in the competitive manufacturing industry. In line with building sustainable business practices, the Group recognises the need to have highly qualified and skilled talent.

We achieve this by seeking to employ skilled and professional employees who are capable of providing excellent customer services with good product knowledge. The Group strives to retain its talent and achieves this by ensuring fair employment standards and providing training programmes that is relevant to the industry.

### Workforce Distribution

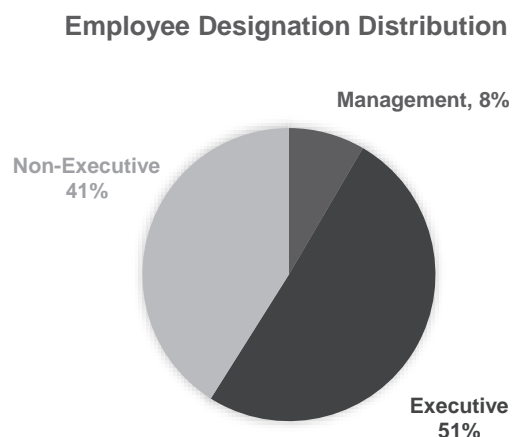
As we continue to grow our business and expand our client base, we recognise the importance of providing a motivated and conducive workplace for our employees to perform to the best of their abilities.

We believe that talent recruitment should be based on merit. We practice this by hiring new talent based on their skill-level, work experience, industry exposure and achievements.

Currently 51% of our workforce is made up of employees at the executive level, 41% at non-executive and 8% at managerial position.

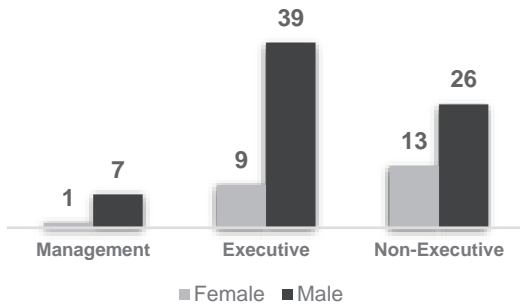
Given the nature of our industry, we hire candidates suited to handle the labour intensive and physically demanding jobs that come with working in a manufacturing factory. As such, we only employ those who show apt physical strength and proficient technical skills to ensure that a safe working environment is preserved in the long run.

While we do not discriminate based on gender, race or religion, we are aware that working in the factory may result in an imbalanced gender distribution.

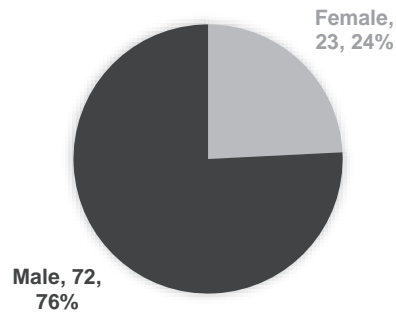


# SUSTAINABILITY STATEMENT

**Employee Designation Distribution Based on Gender**



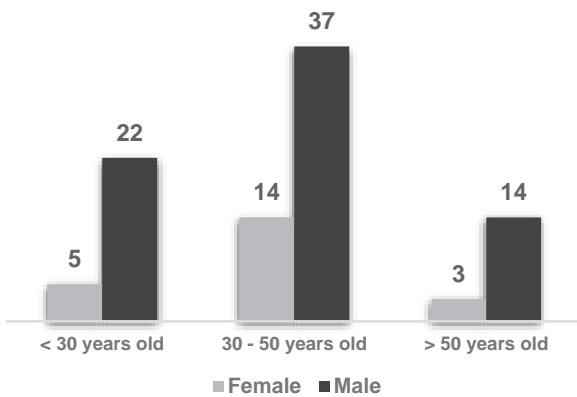
**Employee Gender Distribution Based**



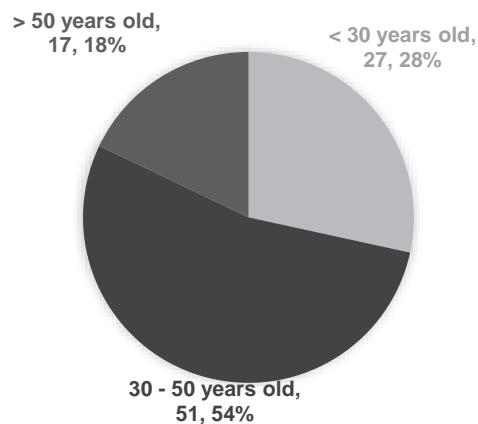
In 2017, the Group’s workforce had 76% male employees and 24% female employees. While our Group remains aware of the importance of gender equality, we realise that the nature of certain industries are predominantly male due to many factors which include heavy labour, hazardous working conditions and others.

In continuing to develop a pool of young talent and retain experienced employees, our Group works towards hiring employees from different age groups. As illustrated below, 54% of our employees belong to the 30 to 50 age group; 19% are above the age of 50, and 28% are below 30 years old. We believe in promoting young talent within the organisation as they bring fresh ideas and can contribute to the Group’s business success.

**Employee Age Distribution Based on Gender**



**Employee Age Distribution**



## Training and Skills Development

The Group strongly believes that a good workforce is built on cultivating the talents and skills of its employees in order for them to achieve their full career potential. One of our top priorities is to develop and train our skilled professionals to increase job satisfaction amongst our employees, to help us retain long-term talent and attract new recruits.

As a growing manufacturer in the palm oil industry, our business is highly technical and requires specialised training to ensure product quality and customer satisfaction, in order to boost our business reputation.

# SUSTAINABILITY STATEMENT

We achieve this by sponsoring those who work in the manufacturing division to obtain welding certifications such as the Shield Metal Arc Welding (SMAW) and Gas Tungsten Arc Welding (GTAW) courses. The courses are designed to allow welders to weld carbon steel, carbon pipes and stainless steel plates in certain positions (flat, horizontal, vertical etc.), ensuring overall product quality and service delivery.

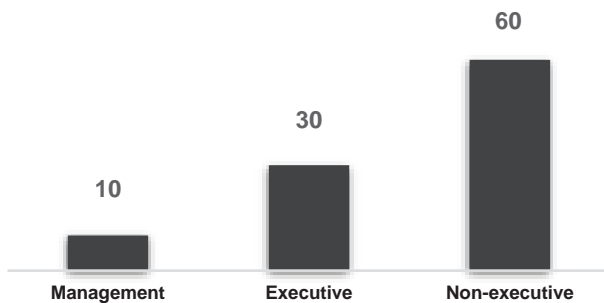
**Carbon Steel and Stainless Steel Plate Welding Training**

- 3G Shield Metal Arc Welding (SMAW)
- 2G, 5G, 5F and 6G Gas Tungsten Arc Welding (GTAW)

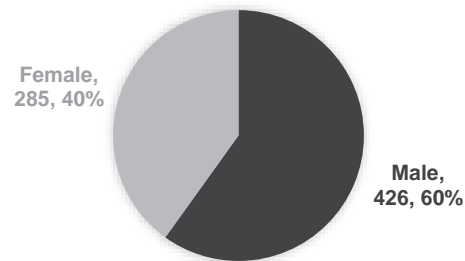
Our training initiatives also includes other internal and external training programmes offered to employees who are not necessarily in the manufacturing division. These training courses include safety and health training, fire safety training, business and development training etc.

The highest training hours are logged by the non-executives at an average of 60 hours per employee, most of which receive the welding certification as well as additional administration and safety training provided by the Group. The training courses are available to our employees, regardless of gender, resulting in almost equal distribution of average training hours for both our female (40%) and male employees (60%).

**Average Training Hours Based on Employee Designation**



**Average Training Hours Based on Gender**



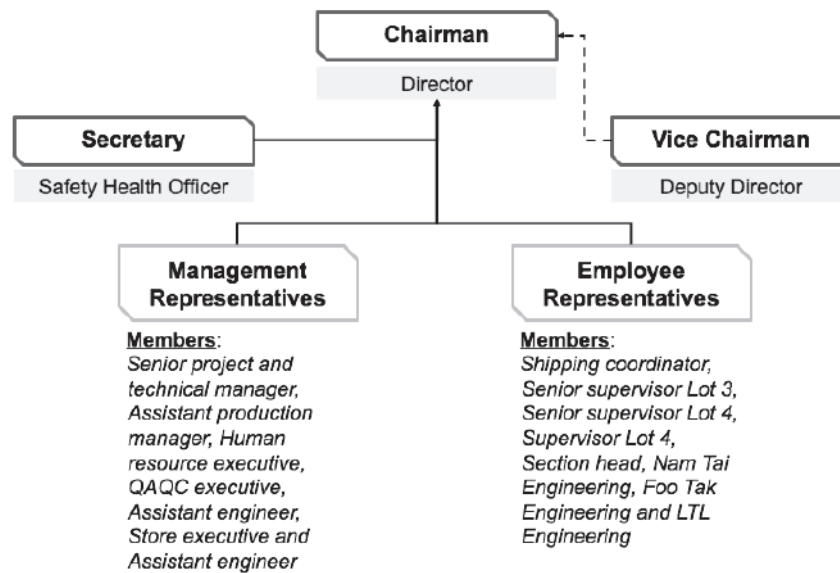
## HEALTH AND SAFETY

A manufacturing environment often pose risks hazard and the likelihood of accidents is high if the overall working conditions are not well managed. Our Group fosters a healthy and safe working environment by adhering to Malaysia’s Occupational Safety and Health Act 1994, Factories and Machinery Act 1967 and the Environmental Quality Act 1974.

To effectively monitor and implement our workplace health and safety strategies, we have established a Safety, Health and Environment Committee for our manufacturing division which comprises of 19 members. The committee consists of two groups, namely, the Management Representatives, and the Employee Representatives. It is set up in a way that ensures all working parties are well represented, the committee channels its efforts toward creating a workplace that is sustainable in its safety measures and practices.



# SUSTAINABILITY STATEMENT



**CBIPH Safety, Health and Environment Committee Structure**

## Accident Cases

Our belief is that a safe and healthy workplace helps to reduce accidents which will maximise manufacturing productivity, promote business continuity and safeguard the company’s assets. In the event of an accident or a case which led to injury, fatality or loss of working hours, the Group takes a transparent and robust approach by thoroughly investigating the incident and maintaining transparent recordkeeping. In addition, steps are taken to ensure that the chances of repeat accidents are minimised.

Our safety track record for year 2017 has been exemplary as we recorded an ‘Accident Free’ year with no injury or accident reports submitted to the Department of Occupational Safety and Health (DOSH). This record is an improvement from our year 2016 accident records where four incidents were reported to DOSH using the Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease (NADOPOD) form, also known as JKKP 8. Sound management and monitoring by our Safety, Health and Environment Committee has resulted in this improved outcome and we aim to continue to extend this achievement in the oncoming years.

**Accident Records**

**FY2017**

**Zero Accident Recorded  
“Accident Free Year”**

**FY2016**

**Four Accidents  
Reported to DOSH**

## ENVIRONMENT: PROTECTING OUR NATURAL RESOURCES

As the Group’s client base and business continue to grow, so does the demand for natural resources required to meet the demands of the manufacturing processes for palm oil machinery and mills.

We utilise raw materials, water, energy and produce waste products during our manufacturing process which can negatively impact the surrounding environment if not managed properly. To ensure that our manufacturing activities do not cause detrimental impact to the environment, we employ several environmental management measures in an effort to become a responsible industry player.

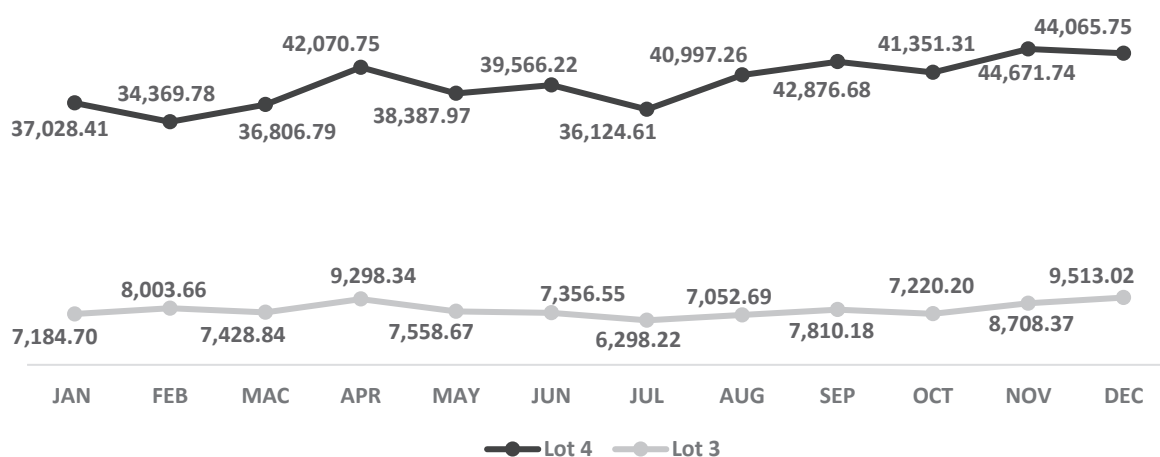
# SUSTAINABILITY STATEMENT

## Energy

Understandably, our machinery consumes a significant amount of electricity to meet the demands of heavy manufacturing procedures thereby contributing to high energy consumption. The amount of electricity consumed at our Modipalm Engineering Sdn. Bhd. factories, Lot 3 and Lot 4, is illustrated below.

The Lot 4 factory generally utilises more electricity compared to the Lot 3 factory. This is attributed to higher workload distribution and heavier manufacturing activities involved in Lot 4. The electricity consumption data shows that both factories record minimal variation in monthly electricity usage, with an average annual usage of 7,786.12 kWh and 39,859.77 kWh for Lot 3 and Lot 4 respectively. Stringent monitoring and record-keeping practices are put in place to achieve these minimal variation. Our future plan is to implement energy reducing initiatives throughout our factories.

**CBIP’s Energy Consumption Data for its Manufacturing Factories**



## Waste

The more we manufacture, the higher our waste volume. This is especially true for big industry players like our Group as we operate in a niche market that caters to the growing palm oil agriculture industry. To ensure that we manage our waste responsibly, stringent waste disposal practices have been put in place to reduce the likelihood of environmental pollution.

Like most factory operations, we receive raw building materials such as metal components and lubricants prior to product assembly. Post-manufacturing, we dispose our scrap metal waste by hiring responsible and certified contractors to dispose our waste.

Our hazardous waste materials (scheduled wastes) consist largely of used oil, used liquid coolant, and contaminated rag cloths and gloves which require strict adherence to the Environmental Quality (Scheduled Wastes) Regulations 2005. In order to responsibly manage and dispose these waste products, our waste materials are kept in a proper kept unit and disposed by a licensed scheduled waste contractor to reduce the risk of environmental pollution.

### Types of Scheduled Waste Produced at Lot 3 and Lot 4 Factories

- SW 305:** Spent lubricating oil
- SW 307:** Spent mineral oil-water emulsion
- SW 410:** Rag, plastics, papers or filters contaminated with scheduled wastes

# SUSTAINABILITY STATEMENT

We adhere to the following items listed by the Environmental Quality (Scheduled Wastes) Regulations 2005:

- Regulation 8 – Responsibility of waste generator
- Regulation 9 – Storage of scheduled wastes
- Regulation 10 – Labelling of scheduled wastes
- Regulation 11 – Waste generator shall keep and inventory of the scheduled wastes
- Regulation 12 – Information to be provided by waste generator, contractor and occupier of prescribed premises

## Environmental Monitoring

Our manufacturing operations do produce harmful environmental by-products such as harmful air emissions, waste effluent and hazardous solid waste. Without strict monitoring and control of our surrounding environment, we run the risk of non-compliance to the regulations set by the industry and the country.

We address this material issue by practising regular monitoring and carry out audits with relevant regulatory bodies to effectively identify potential non-compliance incidences and mitigate the issue in a timely and efficient manner.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of CB INDUSTRIAL PRODUCT HOLDING BERHAD will be held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Monday, 28 May 2018 at 10.30 a.m. for the following purposes:-

## AGENDA

- |    |   |   |
|----|---|---|
| 1. | To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.               | <b>(Please refer to Explanatory Note 1)</b> |
| 2. | To re-elect the following Directors who retire in accordance with Article 99 of the Constitution of the Company and being eligible, offer themselves for re-election:                   |   |
|    | (a) Tan Sri Datuk Dr. Yusof Bin Basiran   | <b>Ordinary Resolution 1</b>                |
|    | (b) Mak Chee Meng   | <b>Ordinary Resolution 2</b>                |
|    | (c) Lim Chai Huat   | <b>Ordinary Resolution 3</b>                |
| 3. | To re-elect Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab, who retires in accordance with Article 97 of the Constitution of the Company and being eligible, offer himself for re-election. | <b>Ordinary Resolution 4</b>                |
| 4. | To approve the payment of Directors' Remuneration amounting to RM603,000 for the financial period from 1 July 2018 until 30 June 2019.  | <b>Ordinary Resolution 5</b>                |
| 5. | To re-appoint Messrs. Crowe Horwath as the Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>Ordinary Resolution 6</b>                |

## AS SPECIAL BUSINESSES

To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

- |    |  |                              |
|----|--|------------------------------|
| 6. | <b>AUTHORITY TO ISSUE AND ALLOT SHARES</b> | <b>Ordinary Resolution 7</b> |
|----|--|------------------------------|

"THAT subject always to the Companies Act, 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Companies Act, 2016 to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Companies Act, 2016 and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

## NOTICE OF ANNUAL GENERAL MEETING

### 7. PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY

### Ordinary Resolution 8

“THAT, subject always to the Companies Act, 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or transfer the shares under an employee share scheme or as purchase consideration.

THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991 of Malaysia, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or

## NOTICE OF ANNUAL GENERAL MEETING

distribute the shares as dividends or transfer the shares under an employee share scheme or as purchase consideration) in accordance with the Constitution of the Company and the requirements and/or guidelines of Main Market Listing Requirements of Bursa Securities and all other relevant governmental and/or regulatory authorities."

8. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSAL")**

**Ordinary Resolution 9**

"THAT, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions as specified in Section 1.3(a) of Part A of the Circular to Shareholders dated 27 April 2018, provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out on arm's length basis, in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders.

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

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

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposal, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities."

9. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("NEW PROPOSAL")**

**Ordinary Resolution 10**

"THAT, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions as specified in Section 1.3(b) of Part A of the Circular to Shareholders dated 27 April 2018, provided that such arrangements and/or transactions are:

# NOTICE OF ANNUAL GENERAL MEETING

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out on arm's length basis, in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders.

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

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

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and to do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the New Proposal, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities."

10. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – TAN SRI DATUK DR. YUSOF BIN BASIRAN**

**Ordinary Resolution 11**

"THAT authority be and is hereby given to Tan Sri Datuk Dr. Yusof Bin Basiran who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company."

11. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – WONG CHEE BENG**

**Ordinary Resolution 12**

"THAT authority be and is hereby given to Wong Chee Beng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company."

12. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

By Order of the Board

TEO MEE HUI (MAICSA 7050642)  
HA MUI LING (MAICSA 7063607)  
*Company Secretaries*

Selangor Darul Ehsan  
27 April 2018

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

- i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.
- ii) A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.
- iii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, such member may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- iv) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- v) If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
- vi) The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 4, Jalan Waja 15, Kawasan Perusahaan Telok Panglima Garang, 42500 Telok Panglima Garang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- vii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- viii) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 69 of the Constitution of the Company, a Record of Depositors as at 22 May 2018 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

## ix) Explanatory notes on Ordinary and Special Business

### Item 1 of the Agenda

#### Audited Financial Statements for the financial year ended 31 December 2017.

This Agenda is meant for discussion only as the provisions of Section 248 and Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

### Ordinary Resolutions 5

#### Directors' Remuneration of the Company

Pursuant to Section 230(1) of the Companies Act 2016, the fee of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Twenty-First Annual General Meeting ("AGM") on the Directors' remuneration for the financial period from 1 July 2018 until 30 June 2019.

The Directors' remuneration comprises the fee, allowances and benefit-in-kind payable to the Directors of the Company as follows:

	<u>Fee (RM)</u>	<u>*Other emolument (RM)</u>
Executive Directors	-	103,325
Non-Executive Directors	298,271	201,050
<b>Total</b>	<b>298,271</b>	<b>304,375</b>

Note:

\* Inclusive of meeting allowance, travelling allowance, and benefit-in-kind



# NOTICE OF ANNUAL GENERAL MEETING

In determining the estimated total amount of the Directors' remuneration, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Directors involved in these meetings.

Payment of Directors' remuneration will be made by the Company on a monthly basis and/or as and when incurred if the proposed Resolution 5 has been passed at the Twenty-First AGM. The Board is of the view that it is just and equitable for the Directors to be paid such payment on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the period as stated herein.

## **Ordinary Resolution 7** **Authority to Issue and Allot Shares**

The proposed resolution is primarily to give flexibility to the Board of Directors to issue and allot shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of the next AGM of the Company.

This is the renewal of the mandate obtained from the members at the last AGM ("the previous mandate"). The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

The previous mandate was not utilised and accordingly no proceeds were raised.

## **Ordinary Resolution 8** **Proposed Renewal of Authority for Purchase of Own Shares by the Company.**

The proposed resolution, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained earning of the Company.

For further information, please refer to Share Buy-Back Statement dated 27 April 2018.

## **Ordinary Resolutions 9 & 10** **Proposed Renewal of Existing Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (collective known as "Proposal")**

The proposed resolutions, if passed, will allow the Group enter into the Recurrent Related Party Transactions made on arm's length basis and normal commercial term and which is not prejudice to the minority shareholders.

Further information on the Proposal is set out in the Circular to Shareholders dated 27 April 2018, which is circulated together with the 2017 Annual Report of the Company.

## **Ordinary Resolutions 11 and 12** **Continuing in Office as Independent Non-Executive Directors**

The Board has assessed the independence of Tan Sri Datuk Dr. Yusof Bin Basiran and Wong Chee Beng, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and recommended them to continue act as an Independent Non-Executive Directors of the Company based on the following justifications:-

- a. they fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, they would able to function as a check and balance, bring an element of objectivity to the Board;
- b. they have been with the Company for more than 9 years and were familiar with the Company's business operations;
- c. they have devoted sufficient time and attention to their professional obligations for informed and balanced decision making; and
- d. they have exercised their due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company and shareholders.

The Board considered Tan Sri Datuk Dr. Yusof Bin Basiran and Wong Chee Beng to be independent based on the above justifications and recommended them to be retained as Independent Non-Executive Directors of the Company.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state affairs of the Company and of the Group at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2017, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company and of the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible to ensure that the Company and of the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# AUDIT COMMITTEE REPORT

The Board pleased to present the following Report of the Audit Committee and its activities for the financial year ended 31 December 2017.

## COMPOSITION AND MEETINGS

The present Audit Committee comprises four (4) Directors as follows:

### Chairman

Wong Chee Beng – Senior Independent Non-Executive Director

### Members

Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab – Independent Non-Executive Director (appointed on 19 March 2018)

Irin Tan Su Fern – Independent Non-Executive Director

Lim Chai Huat – Non-Independent Non-Executive Director

The Audit Committee met five (5) times during the financial year ended 31 December 2017. The details of the attendance of the Audit Committee are as follows:

		Attendance
<b>Chairman</b>	Wong Chee Beng (Senior Independent Non-Executive Director)	5/5
<b>Members</b>	Irin Tan Su Fern (Independent Non-Executive Director)	5/5
	Lim Chai Huat (Non-Independent Non-Executive Director)	5/5
	Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab (Independent Non-Executive Director) (appointed on 19 March 2018)	-

Senior Management staff and the Group Internal Auditors were invited to attend the Audit Committee meetings. The agenda of the meetings and relevant information were distributed to the Audit Committee members seven (7) days before the meeting. The Company Secretary was also present to record the proceedings of the Audit Committee meetings.

## SUMMARY OF WORK DONE DURING THE FINANCIAL YEAR

The work carried out by the Audit Committee in discharging its duties and functions with respect to their responsibilities during the financial year were summarised as follows:

### Financial Reporting

The Audit Committee reviewed the quarterly and annual financial statements required by Bursa Malaysia Securities Berhad ("Bursa Securities") prior to recommendation to the Board for approval. The review focused on changes in accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with Listing Requirements of Bursa Securities and other legal requirements.

The Audit Committee keeps itself abreast of changes in accounting policies and guidelines through regular updates by the external auditors.

### External Audit

The Audit Committee discussed with the External Auditors on its audit plan, and the report on the audit of the year-end financial statements; reviewed the External Auditor's engagement letter and Management's responses thereto; and reviewed the External Auditors' objectivity and independence. In assessing the independence of the external auditors, the Audit Committee

# AUDIT COMMITTEE REPORT

## External Audit (Cont'd)

reviewed the fees and expenses paid to the External Auditors, including fees paid for non-audit services during the year. The Audit Committee ensures that it is able to arrive at an opinion that the auditors' independence has not been compromised and is suitable for re-appointment. The Audit Committee held two (2) private sessions with the External Auditors without the presence of the Management during the financial year to seek feedbacks from the External Auditors on any issues encountered during the audit; to be notified of any major financial and control issues encountered; to seek confirmation on its independency and objectivity and to assess its competency and resources.

## Internal Audit

The Audit Committee reviewed the adequacy of the scope of functions and competency of the internal audit function; reviewed the internal audit work and its audit plan; reviewed the major findings during the year and Management's responses thereto; reviewed the progress of action plans implemented by the Management; reviewed the risk management and internal controls of the Group.

## Related Party Transactions

The Audit Committee reviewed related party transactions entered into by the Group and any conflict of interest situation that may arise within the Group and to ensure that all transactions are at arms length's basis. It was noted that there were no material related party transactions during the financial year.

## Others

The Audit Committee has reviewed the Statement on Risk Management and Internal Control, Audit Committee Report and Statement on Corporate Governance to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval.

## TERMS OF REFERENCE OF AUDIT COMMITTEE

The Terms of Reference of the Audit Committee is accessible through the Company's website at <https://www.cbip.com.my/corporate-governance>. The Audit Committee had discharged its function and carried out its duties and works as set out in the Terms of Reference.

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Company has an Internal Audit Function that reports directly to the Audit Committee. The main role of the Internal Audit Function is to assist the Audit Committee in providing independent assessment on the adequacy and effectiveness of the internal control system of the Group.

Further information on the disclosure of Internal Audit Function is provided in the Corporate Governance Report in accordance with Practice 10.2 of the Malaysian Code on Corporate Governance 2017.

The activities of the Internal Audit Function during the financial year ended 31 December 2017 were as follows:

- (a) Development of the Internal Audit Plan for 2017 for the Audit Committee's approval.
- (b) Execution of the approved 2017 Internal Audit Plan and ad-hoc assignments.
- (c) Presentation of the internal audit and risk management findings at Audit Committee meetings. All findings raised by the Internal Audit Function had been directed to Management for appropriate actions.

# AUDIT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION (Cont'd)

- (d) Performance of follow-up reviews to ensure previously established action plans had been adequately implemented by Management within the agreed timelines.

The total cost incurred for the Internal Audit Function for the financial year 2017 was RM197,606.

The internal audits conducted revealed some weaknesses but were not expected to result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

Further details of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control on pages 55 to 57.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of CBIPH is committed to ensure that the principles of good corporate governance are practised throughout the Group so that the affairs of the Group are conducted in the best interests of the Group and its shareholders. This statement provides an insight into the corporate governance practices of the Group pursuant to the three (3) key principles as set out in the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”).

This Statement is prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and it is to be read together with the Corporate Governance Report of the Company which is available on the Company’s website at [www.cbip.com.my](http://www.cbip.com.my).

## Principle A : Board Leadership and Effectiveness

### Part I – Board Responsibilities

#### 1. Board’s Leadership on Objectives and Goals

##### 1.1 Strategic Aims, Values and Standards

The Board has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board’s key roles in charting the strategic direction, development and control of the Group includes the reviewing and monitoring of matters on strategy to promote sustainability, performance, evaluation, resource allocation, standard of conduct, financial matters, succession planning, corporate disclosure, effectiveness and adequacy of the Group’s system of internal controls and risk management practices.

The Board delegates and confers some of its authorities and discretion on the Chairman, Executive Directors and Management as well as on properly constituted Board Committees comprising mainly or exclusively of Non-Executive Directors which operate within clearly defined Terms of Reference.

The Board Committees, comprising the Audit Committee, Nomination Committee and Remuneration Committee are entrusted with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. At each Board meeting, minutes are presented to keep the Board informed. The Chairmen of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.

In addition to the Board Committees, a Risk Management Committee headed by the Managing Director and comprising the respective Heads of Subsidiaries was established as part of the Company’s risk management and internal control framework for the purpose of managing risks affecting the Group.

The Key Matters Reserved for the Board’s approval include the annual business plan and budget, capital management and investment policies, authority limits/levels, risk management practices, new businesses/projects, declaration of dividends, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, material acquisitions and disposition of assets.

The Board regularly reviews the strategic direction of the Company and the progress of the Company’s operations, taking into account changes in the business and political environment and risk factors.

##### 1.2 Chairman

Tan Sri Datuk Dr. Yusof Bin Basiran, the Chairman of the Company, is an Independent Non-Executive Director. The Chairman leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates any discussion. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by Management. He chairs the meetings of the Board and the shareholders.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 1.3 Separation of the Positions of the Chairman and Managing Director (“MD”)

The positions of the Chairman and the MD are held by different individuals. Tan Sri Datuk Dr. Yusof Bin Basiran, an Independent Non-Executive Director, is the Chairman whereas Datuk Lim Chai Beng is the MD.

The Board recognises the importance of having a clear separation of responsibilities of the Chairman and the MD to promote accountability, ensure appropriate balance of roles, facilitates division of responsibilities between them so as to ensure no one individual can influence the Board’s discussions and decision making. The distinct and separate roles of the Chairman and MD ensures appropriate balance of roles, responsibilities and accountability at Board level.

The distinct roles of the Chairman and the MD are mentioned in the Board Charter of the Company, which is available at the Company’s website.

## 1.4 Qualified and Competent Secretaries

In performing their duties, all Directors have access to advice and services of a suitably qualified Company Secretary. The Company Secretary acts as a corporate governance counsel and ensures good information flow within the Board, Board Committees and Management. The Company Secretary attends all meetings of the Board and Board Committees and guides the Directors on the requirements encapsulated in the Company’s Constitution and legislative promulgations such as the Companies Act 2016, MMLR, etc.

## 1.5 Access to Information and Advice

All Directors may seek independent professional advice at the Company’s expense on specific issues to enable them to discharge their duties, where necessary.

The notice of agenda together with minutes of the previous meeting and other relevant information will be circulated to the Board at least seven (7) days before the meetings. This is to ensure that all Directors have sufficient time to obtain further explanation, where necessary, in order to be fully informed of the matters to be discussed during the meeting. The Board papers contain all relevant information and reports on financial, operational, corporate, regulatory, market developments and minutes of meetings. These documents are comprehensive and include qualitative and quantitative information to enable the Board members to make informed decisions.

The Company Secretary is entrusted to record the Board’s deliberations, in terms of issues discussed, ensures that the deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to Management for appropriate actions. The minutes of the previous Board and Board Committee meetings are distributed to the Directors/ Committee prior to the meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request for clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. Management provides Directors with complete and timely information prior to the meetings and on-going basis to enable them making informed decisions.

## 2. Demarcation of Responsibilities

### 2.1 Board Charter

On 18 August 2015, the Board reviewed and updated the Board Charter which sets out the roles, functions, compositions, operation and processes of the Board as well as the code of conduct for Directors. The Board will review and update the Board Charter in year 2018 to align with the MMLR, MCCG 2017 and other relevant rules and regulations.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 2.1 Board Charter (Cont'd)

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter.

The Board Charter serves to ensure that all Board members are aware of their expanding roles and responsibilities. It sets out the strategic intent and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates on how the Board conducts business in accordance with Corporate Governance principles.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities.

The Board Charter is available at the Company's website.

## 3. Promoting Good Business Conduct and Corporate Structure

### 3.1 Code of Ethics and Conduct

The Group is committed to achieving and monitoring high standards of behaviour at work.

The Board adhered strictly to the Code of Ethics for Company Directors in discharging its oversight role effectively. The Code of Ethics require all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and to act in good faith in the best interests of the Group and its shareholders. The Code of Ethics for the Company Directors is incorporated in the Board Charter.

### 3.2 Whistleblowing Policy

The Board has adopted a Whistleblowing Policy for the Group as a measure to promote the highest standard of corporate governance. The Whistleblowing Policy outlines the avenues for the Directors, employees and stakeholders to raise concerns or disclose in good faith any improper conduct within the Group and to enable prompt corrective action and measures to resolve them effectively.

Any party who has reasonable belief that there is serious malpractice relating to any matter may direct such complaint and report to the Senior Independent Non-Executive Director, who is also the Chairman of the Audit Committee in writing. Management will ensure that any employee of the Company who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

The Whistleblowing Policy is available at the Company's website.

## Part II – Board Composition

### 4. Strengthen Board's Objectivity

#### 4.1 Board Composition

The Board currently consists of eight (8) members, comprising one (1) Independent Non-Executive Chairman, three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The present composition of the Board is in compliance with Paragraph 15.02 of the MMLR and MCGG 2017 as half of its members are Independent Directors.

The Board is aware of the importance of independence and objectivity in relation to the decision making process and effectiveness of the Board's function. The Board therefore, has adopted the same criteria of "independence" used in the definition of "Independent Directors" prescribed by the MMLR.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 4.1 Board Composition (Cont'd)

The Board members are persons of high calibre and integrity, and provide a wealth of knowledge, experience and skills in the key areas of accountancy, business operations and development, finance and risk management, oil palm plantation amongst others.

## 4.2 Tenure of Independent Director

The Nomination Committee carry out the evaluation of independence on each independent director annually.

The Nomination Committee had undertaken a review and assessment of the level of independence of the Independent Directors during the financial year 2017 and is satisfied that they are able to discharge their responsibilities in an independent manner. The Independent Directors have also declared their independence to the Board and Management of the Group at a Board Meeting during the year.

The Board, through the Nomination Committee, had assessed Tan Sri Datuk Dr. Yusof Bin Basiran and Wong Chee Beng, the Independent Directors who had each served the Company for a cumulative term of more than nine (9) years and more than twelve (12) years, concluded that they have fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and thus, they would be able to function as good check and balance and bring an element of objectivity to the Board.

Accordingly, the Board agreed with the above proposed re-appointment of Tan Sri Datuk Dr. Yusof Bin Basiran and Wong Chee Beng as Independent Directors of the Company and will seek shareholders' approval through a two-tier voting process at the forthcoming 21<sup>st</sup> Annual General Meeting ("AGM") to retain them as independent directors of the Company.

## 4.3 Policy of Independent Director's Tenure

The Board has adopted a nine-year policy for Independent Non-Executive Directors. An Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board will need to justify and seek shareholders' approval at an AGM in the event it retains such director as an Independent Director. If the Board continues to retain the independent Director after the 12<sup>th</sup> years, the Board needs to seek shareholders' approval through a two tier voting process in accordance with the MCCG 2017.

## 4.4 Diverse Board and Senior Management Team

The Board acknowledges the importance of diverse Board and Senior Management. The Group adhered strictly to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, in the selection of Board members and senior management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

The Board has established a Diversity Policy in the Company's Board Charter where the Board will endeavor to achieve 30% women directors by 2018. Notwithstanding the challenges in achieving the appropriate level of diversity on the Board, the Board continues to work towards addressing this as and when vacancies arise and suitable candidates are identified. The Company's prime responsibility in new appointments is always to select the best candidates available.

Presently, there is one (1) female Director in the Board.

The Group will endeavour to meet the diversity at senior management level and when need arises, the Board would consider the appointment of female to the senior management.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 4.5 Nomination Committee

The Nomination Committee ("NC") is responsible for assessing the adequacy and appropriateness of the board composition, identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine the skill matrix to support the strategic direction and needs of the Company.

The NC evaluates the qualification and experience of the candidate against the Board's requirements, including its gender diversity policy and where appropriate recommends to the Board for appointment.

The NC consists of entirely Non-Executive Directors with a majority being Independent Directors, as follows:-

Chairman	Lim Chai Huat <i>(Non-Independent Non-Executive Director)</i>
Members	Wong Chee Beng <i>(Senior Independent Non-Executive Director)</i> Irin Tan Su Fern <i>(Independent Non-Executive Director)</i> Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab <i>(Appointed on 19 March 2018)</i> <i>(Independent Non-Executive Director)</i>

Lim Chai Huat was elected to the Chairman of the NC due to his invaluable experience and knowledge of the Group's businesses as he is one of the co-founders of the Company.

The full details of the NC's Terms of Reference are published on the Company's website.

During the financial year 2017, the NC held a meeting to assess the performance of the Board, Board Committees and individual Directors. The NC, in discharging its functions and duties, carried out the following activities during the financial year:-

- evaluated the balance of skills, knowledge, experience and diversity on the Board;
- assessed the effectiveness of the Board as a whole and the contribution of each individual Director;
- reviewed and assessed the size, composition and the required mix of skills of the Board and Board Committees;
- reviewed and assessed the character, experience, integrity, competence and time commitment of each Director and the Chief Financial Officer ("CFO");
- reviewed the re-election and re-appointment of retiring Directors;
- assessed and evaluated the level of independence of Independent Directors; and
- reviewed the terms of office of the Audit Committee and each member of the Audit Committee.

In March 2018, Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab was appointed as an Independent Director as recommended by Management. The NC had assessed and reviewed the candidate's skill, knowledge, expertise and experience and recommended his appointment to the Board for approval.

An independent source was not utilised in the nomination of Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab as an Independent Director as he is well-known for his vast experience and knowledge in palm oil plantation industry and the NC believed that the appointment of Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab to the Board would strengthen the composition and mixed of skills of the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 5. Overall Board Effectiveness

### 5.1 Annual Evaluation

The Board reviews and evaluates its own performance and the performance of the Board Committees on an annual basis. The Board evaluation comprises a Board Assessment, an Individual Self-Assessment and an Assessment of Independence of the Independent Directors.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities. As for the Individual Self-Assessment, the assessment criteria include contribution to interaction, quality of input, understanding of role and time commitment.

The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of the retiring Directors at the next AGM.

In addition, the NC reviews and evaluates the performance of the CFO on an annual basis.

Based on the above assessments, the NC was satisfied with the existing Board composition and was of the view that the Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. All assessments and evaluations carried out by the NC in the discharge of all its functions were properly documented.

The attendance record of the Directors at Board and Board Committees meetings during the financial year under review is set out as follows:-

Meeting Attendance	Board	Audit Committee	Nomination Committee	Remuneration Committee	AGM
Tan Sri Datuk Dr. Yusof Bin Basiran	4/5	-	-	-	1/1
Datuk Lim Chai Beng	5/5	-	1/1 <sup>#</sup>	-	1/1
Y.D.M. Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah	5/5	-	-	2/2	1/1
Mak Chee Meng	5/5	-	-	-	1/1
Lim Chai Huat	5/5	5/5	1/1	2/2	1/1
Wong Chee Beng	5/5	5/5	1/1	2/2	1/1
Irin Tan Su Fern	5/5	5/5	1/1	2/2	1/1
Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab*	-	-	-	-	-

<sup>#</sup>Datuk Lim Chai Beng was invited to the NC Meeting to comment on the performance of the CFO.

\*Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab was appointed to the Board on 19 March 2018.

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold more than five (5) directorships in public listed companies and shall notify the Chairman before accepting any new directorships.

During the financial year ended 31 December 2017, all the Directors have attended the following training, seminars, conferences and exhibitions to keep themselves abreast with the changes in laws and regulation, business environment and corporate governance development:-

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 5.1 Annual Evaluation (CONT'D)

Director	Course Attended	Date
Tan Sri Datuk Dr. Yusof Bin Basiran	Key Changes and Directors' Duties and Responsibilities (In-House Training)	02.08.2017
Datuk Lim Chai Beng	Key Changes and Directors' Duties and Responsibilities (In-House Training)	02.08.2017
	IChemE 100 Years Palm Oil Industry Seminar	08.08.2017
	Forbes Global CEO's Conference 2017, Hong Kong	26-27.08.2017
	PIPOC Conference 2017	15-16.11.2017
	PORAM Annual Forum	17-18.11.2017
Y.D.M. Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah	Key Changes and Directors' Duties and Responsibilities (In-House Training)	02.08.2017
Mak Chee Meng	Key Changes and Directors' Duties and Responsibilities (In-House Training)	02.08.2017
Lim Chai Huat	Key Changes and Directors' Duties and Responsibilities (In-House Training)	02.08.2017
Wong Chee Beng	Malaysian Code on Corporate Governance 2017	30.05.2017
	Key Changes and Directors' Duties and Responsibilities (In-House Training)	02.08.2017
	Driving Financial Integrity and Performance – Enhancing Financial Literacy	03.08.2017
	Manufacturing Sector – Sustainability Statement Writing	15.11.2017
Irin Tan Su Fern	Mandatory Accreditation Programme	20-21.02.2017
	Driving Financial Integrity and Performance – Enhancing Financial Literacy	01.08.2017
	Key Changes and Directors' Duties and Responsibilities (In-House Training)	02.08.2017
	Leading Change @ The Brain	05.12.2017
Lim Zee Ping (Alternative Director to Datuk Lim Chai Beng)	Key Changes and Directors' Duties and Responsibilities (In-House Training)	02.08.2017
	PIPOC Conference 2017	15-16.11.2017
	PORAM Annual Forum	17-18.11.2017

The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge in discharging their duties and responsibilities as Directors.

The Directors are encouraged to attend briefing, conferences, forums, trade fairs (locally and internationally), seminars and training to keep abreast with the latest developments in the industry and to enhance their skills and knowledge.

## Part III - Remuneration

### 6. Level and Composition of Remuneration

#### 6.1 Remuneration Policy

The Remuneration Committee ("RC") and the Board ensure that the Company's remuneration remains supportive of the Company's corporate objectives and is in tune with the market rates and further that the remuneration packages of Directors and Key Senior Management are sufficiently attractive to attract and to retain persons of high calibre.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 7. Remuneration of Directors and Senior Management

### 7.1 Detailed Disclosure of Directors' Remuneration

The RC reviews annually the performance of the Executive Directors ("EDs") and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year and their achievement of the goals and/or quantified organisational targets set at the beginning of each year.

The key performance indicators ("KPIs") of the EDs are tailored to their specific business segments. To ensure that the EDs work together to contribute towards the success of the overall group, their KPIs also include some of the group's KPIs.

The Board as a whole determines the Director's fee of the Non-Executive Directors and recommends the same for the shareholders' approval.

The remuneration package of the EDs consists of monthly salary, allowance, bonus and benefits-in-kind such as company car and coverage under the Directors and Officers Liability Insurance in respect of any significant liability arising from acts committed in their capacity as Directors and Officers of the Company. The Directors and principal officers are required to contribute jointly towards the premium of the said policy.

The aggregate remuneration of Directors for the financial year ended 31 December 2017 are as follows:

Category	Company		Group		
	Fees	Other Emoluments and Benefits-in-kind	Fees	Other Emoluments and Benefits-in-kind	Defined Contribution Plan
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<u>Executive Director</u>					
Datuk Lim Chai Beng	-	29	132	892	122
Y.D.M. Tengku Dato' Ardy Esfandiari	-	29	36	519	71
Bin Tengku Abdul Hamid Shah	-	42	6	657	37
Mak Chee Meng					
<u>Non-Executive Directors</u>					
Tan Sri Datuk Dr. Yusof Bin Basiran	87	63	87	63	-
Wong Chee Beng	53	30	53	30	-
Irin Tan Su Fern	49	12	49	12	-
Lim Chai Huat	49	30	49	30	-
Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab <sup>#</sup>	-	-	-	-	-
Total	238	235	412	2,203	230

<sup>#</sup>Datuk Mohammad Nageeb Bin Ahmad Abdul Wahab was appointed to the Board on 19 March 2018.

### 7.2 Remuneration of Top Five (5) Senior Management

The top five (5) senior management whose remuneration (comprising salary, bonus, benefits in-kind and other emoluments) for the financial year ended 31 December 2017 within the successive bands of RM50,000 are as follows:

Range of Remuneration	Top Five Senior Management
RM300,001 to RM350,000	1
RM400,001 to RM450,000	2
RM600,001 to RM650,000	1
RM700,001 to RM750,000	1

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Principle B : Effective Audit and Risk Management

### Part I – Audit Committee

#### 8. Audit Committee

The Audit Committee (“AC”) is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The AC also undertakes to provide oversight on the risk management framework of the Group.

The AC is chaired by a Senior Independent Non-Executive Director, who is distinct from the Chairman of the Board and all members of the AC are financially literate. The composition of the AC, including its roles and responsibilities as well as a summary of its activities carried out in year 2017, are set out in the AC Report on pages 41 to 43 of this Annual Report.

The AC has yet to adopt a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. Nonetheless, the AC shall observe the said application in the event that a former key audit partner is appointed to the Board of the Company.

Annually, the AC also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment at the AGM. The AC would convene meeting with the External Auditors without the presence of the EDs and employees of the Group as and when necessary. As part of the AC’s review processes, the AC has obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Having satisfied with Messrs. Crowe Horwath’s performance, technical competency and audit independence, the AC recommended the re-appointment of Messrs. Crowe Horwath to the Board, upon which the shareholders’ approval will be sought at the AGM.

Based on the AC’s assessment of the External Auditors, the Board is satisfied with the independence, quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for financial year 2017. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of shareholders at the forthcoming AGM.

### Part II – Risk Management and Internal Control Framework

#### 9. Risk Management and Internal Control Framework

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The AC is assigned by the Board to oversee the risk management of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The AC also reviews the action plans implemented and makes relevant recommendations to the Board to manage residual risks. The Group has established a formal risk management framework to oversee the risk management of the Group. There is a formal Risk Management Committee (“RMC”) comprising of management level of all subsidiaries who were assigned to identify, assess, manage, monitor and report underlying risks facing by the Group. The RMC together with the AC provide the Board with assurance that the system of risk management and internal control of the Group are function effectively.

The Statement on Risk Management and Internal Control included on pages 55 to 57 of this Annual Report provides the overview of the Internal Control Framework adopted by the Company during the financial year ended 31 December 2017.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 10. Governance, Risk Management and Internal Control Framework

The Group's in-house Internal Audit function was established to support the Board through the AC in discharging its duties and governance responsibilities of maintaining a sound internal control system within the Group. The Group Internal Auditors has an independent status within the Group and reports directly and functionally to the AC and also independent of the functions and activities that it audits and performs its duties in accordance with the Internal Audit Plan as approved by the AC.

In addition, a global leading audit firm, RSM Indonesia was appointed in 2016 to perform audit on the subsidiaries in Indonesia with consecutive monitoring by the Internal Audit Department.

The standards and practices adopted by Group Internal Auditor are aligned to the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors ("IIA").

The internal audit staff are free from any relationship or conflict of interest, which would impair their objectivity and independence. The name, credential and work experience of the Head of Group Internal Auditors and the number of resources in the Internal Audit Department are disclose on page 32 of the Corporate Governance Report.

Details of the internal audit function and activities are presented in the AC Report on pages 41 to 43 of this Annual Report.

## Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

### Part I – Communication with Stakeholders

## 11. Continuous Communication Between Company and Stakeholders

The Company has put in place a Corporate Disclosure Policy with the objective to ensure communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws. The full details of the Corporate Disclosure Policy is published on the Company's website.

The MD and CFO are responsible for determining materiality of information and ensuring timely, complete and accurate disclosure of material information to the investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with this policy and overseeing the disclosure controls and procedures.

The Board is mindful that information, which is expected to be material, must be announced immediately to Bursa Securities and that the confidential information should be handled properly to avoid leakage and improper use of such information.

The Company's website provides all relevant corporate information and it is accessible by the public. The Company's website includes share price information, all announcements made by the Company, Annual Reports, financial results, Whistleblowing Policy, Board Charter and relevant Term of References. Other than the Company's website, research reports from research firms can also be publicly viewed in Bursa Securities' website.

The Company encourages effective, transparent and regular communication with the shareholders and stakeholders including employees and any queries can be directed to the Company's website by an e-mail address: info@cbip.com.my. The Company has also identified Mr. Wong Chee Beng as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Part II – Conduct of General Meetings

### 12. Shareholder Participation at General Meetings

The AGM is the principal forum for shareholders dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification.

In line with good corporate governance practices, the notice of the AGM will be issued at least twenty-eight (28) days before the AGM date. All the Directors shall endeavour to present in person at the AGM to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The proceedings of the AGM will include the briefing on the Company's overall performance for the year under review and future prospect by the Head of Investor Relations. A Questions and Answers session will be held where the Chairman will invite shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote. The Directors, CFO and External Auditors will be in attendance to respond to the shareholders' queries.

This Corporate Governance Overview Statement was approved by the Board on 13 April 2018.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board is committed towards ensuring that a sound risk management framework and system of internal control exists in order to safeguard the Group's assets and minimise its losses and liabilities.

The Board is pleased to provide this statement on the state of risk management and internal control of the Group prepared in accordance with paragraph 15.26(b) of the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers and the Malaysian Code on Corporate Governance 2017.

## BOARD RESPONSIBILITIES

The Board affirms its responsibility for establishing and maintaining a sound system of risk management and internal control practices. The Board has delegated the reviewing of the adequacy and integrity of the internal control system to the Audit Committee. Through the Audit Committee, the Board is kept informed of all significant issues on risk management and internal control brought to the attention of the Audit Committee by Management, the Internal Audit Function and the External Auditors.

## KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

### 1. Control Environment

- **Organisation Structure & Authorisation Procedures**

The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Group's Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations.

- **Periodic Performance Review**

Actual performance of the Group is monitored against plans to identify and to address significant variances during every quarterly meeting. The Managing Director and the Chief Financial Officer, to the best of their knowledge and belief, provide assurance to the Board that the Group's risk management and internal control system are operating adequately and effectively.

- **Group Policies and Procedures**

The Group has documented policies and procedures that are reviewed and updated periodically to ensure that these are effective and efficient and continue to support the Group's business activities at all times as the Group continues to grow.

- **Site Visits and Operational Meetings**

Factory/site visits are conducted by members of the Management team, the Internal Auditor and the Audit Committee.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 2. Risk Management Framework and its Implementation

Risk management is regarded by the Board to be an integral part of managing business operations. There is a Risk Management Committee comprising of the respective Heads of Subsidiaries who are responsible for managing risks related to their functions on a day-to-day basis with the responsibility at the group level by the Managing Director. The Board through the Audit Committee obtained the assurance that the Risk Management Committee is functioning effectively.

Management meetings are held to ensure that risks faced by the Group are discussed, monitored and appropriately addressed. It is at these meetings that key risks and corresponding controls implemented are communicated amongst the Management team. Significant risks identified are subsequently brought to the attention of the Board at their scheduled meetings.

The abovementioned practices and initiatives by Management serve as an ongoing process used to identify, assess and manage key business, operational and financial risks faced by the Group. In addition, the Internal Auditor updates the Audit Committee quarterly on the status of implementation of previously identified management action plans to mitigate significant business/operating risks of the Group.

These processes have been in place for the financial year under review and the Board has given approval for this Statement to be included in the Annual Report.

## 3. Internal Audit Function

The Group's in-house Internal Audit Function is independent from the day-to-day operations of the Group. The duties of the Internal Auditor is performed with professional care and without prejudice which provide the Audit Committee and the Board with an assurance and independent assessment in respect of the adequacy, efficiency and effectiveness of the risk management practices and system of internal control.

The Internal Auditor reports directly to the Audit Committee and the internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage. Based on internal policies, procedures and frameworks as well as Committee of Sponsoring Organization of the Treadway Commission (COSO), the Internal Auditor assesses the Group's internal control based on the following five interrelated control elements:

- a. Control environment;
- b. Risk assessment;
- c. Control activities;
- d. Information and communication; and
- e. Monitoring activities .

This is documented in the Audit Committee Report on pages 41 to 43 of this Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 3. Internal Audit Function (CONT'D)

On a quarterly basis, the Group's Internal Auditor tables the results of their review of the business processes of different operating units to the Audit Committee. The status of the implementation of corrective actions to address control weaknesses are also followed up by the Internal Auditor to ensure that these actions have been satisfactorily implemented.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses or liabilities that would require a separate disclosure in this Annual Report.

## 4. Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis.

## 5. Monitoring and Review

- **Business Planning and Budgeting Review**

The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group. Business plan and annual budget prepared by Management are tabled to the Board for their review and approval.

- **Financial and Operational Review**

The quarterly financial statements containing key financial results and operational performance results are monitored against budgets/plans to identify and address significant variances quarterly and these are appropriately presented to the Board for their review, consideration and approval.

- **Review of the Statement on Risk Management and Internal Control by External Auditors**

Pursuant to Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report. Their review was performed in accordance with recommended Practice Guide (RPG) 5 (revised 2015): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this Statement 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.

## CONCLUSION

The Board is of the view that the Group's system of risk management and internal control is adequate and effective to safeguard the Group's assets and minimise its losses and liabilities. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will continue to enhance the risk management and internal control system of the Group.

## OTHER COMPLIANCE INFORMATION

### 1. Non-audit Fees

The amount of non-audit fees paid and payable to the external auditors and their affiliates by the Group for the financial year amounted to RM118,390.

### 2. Material Contracts involving Directors, Chief Executive who is not a Director and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries involving Directors, Chief Executive who is not a Director and major shareholders' interests during the financial year except for the related party transactions specified in the Circular to Shareholders dated 27 April 2018 seeking the shareholder's mandate.

### 3. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year.

### 4. Recurrent Related Party Transactions ("RRPT") of Revenue or Trading Nature

At the 20<sup>th</sup> Annual General Meeting of the Company held on 30 May 2017, the Company obtained a mandate from its shareholders for the RRPT of a revenue or trading in nature with the related parties. In accordance with Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of RRPT conducted during the financial year ended 31 December 2017 pursuant to the shareholders' mandate are as follows :-

Name of Company/ Group Involved	Transacting Party	Interested Directors /or Interested Major Shareholders and/or Interested Persons Connected	Nature of Transaction	Actual Transacted Values (RM)
Advance Boilers Sdn. Bhd. (Provider)	Resourcecity Sdn. Bhd. ("RSB") (Recipient)	<u>Interested Directors/ Major Shareholder</u> 1) Datuk Lim Chai Beng <sup>(1a)&amp;(1b)&amp;(9)</sup>  <u>Interested Person Connected</u> 1) Lim Chai Huat <sup>(5)&amp;(8)</sup> 2) Lim Chai Guan <sup>(6b)&amp;(8)</sup>	Sale of boiler and spare parts.	52,028
	Tzen Plantation Ltd ("TPL") (Recipient)	<u>Interested Directors/ Major Shareholder</u> 1) Datuk Lim Chai Beng <sup>(1a)&amp;(1b)&amp;(9)</sup>  <u>Interested Person Connected</u> 1) Lim Chai Huat <sup>(5)&amp;(8)</sup> 2) Lim Chai Guan <sup>(6b)&amp;(8)</sup>	Sale of boiler and spare parts.	43,122
CBIP (PNG) Ltd (Provider)	East new Britain Palm Oil Ltd (Recipient)	<u>Interested Directors/ Major Shareholder</u> 1) Datuk Lim Chai Beng <sup>(1a)&amp;(1b)&amp;(9)</sup>  <u>Interested Person Connected</u> 1) Lim Chai Huat <sup>(5)&amp;(8)</sup>	Sale of palm oil mills equipment, spare parts and engineering works.	6,594,141

## OTHER COMPLIANCE INFORMATION

Name of Company/ Group Involved	Transacting Party	Interested Directors, Interested Major Shareholders and/or Interested Person Connected	Nature of Transaction	Actual Transacted Values (RM)
		2) Lim Chai Guan <sup>(6b)&amp;(8)</sup>		
PalmitEco Engineering Sdn, Bhd, ("PESB") (Recipient)	PW Biotech Engineering Sdn. Bhd. ("PWB") (Provider)	<p><u>Interested Major Shareholder</u> 1) Datuk Lim Chai Beng<sup>(1a)&amp;(1b)&amp;(9)</sup></p> <p><u>Interested Directors</u> CBIPH 1) Datuk Lim Chai Beng<sup>(1a)&amp;(1b)&amp;(9)</sup> 2) Mak Chee Meng<sup>(3)</sup></p> <p><u>Subsidiaries</u> 3) Tan Yu Hwa<sup>(4a)&amp;(4b)</sup></p> <p><u>Interested Person Connected</u> 1) Lim Chai Huat<sup>(5)&amp;(8)</sup> 2) Lim Chai Guan<sup>(6a)&amp;(6b)&amp;(8)</sup> 3) Lim Sim Tong<sup>(7)</sup></p>	Purchase of effluent treatment system, parts and engineering works.	1,675,187
PESB (Provider)	ENBPOL (Recipient)	<p><u>Interested Directors/ Major Shareholder</u> 1) Datuk Lim Chai Beng<sup>(1a)&amp;(1b)&amp;(9)</sup></p> <p><u>Interested Person Connected</u> 1) Lim Chai Huat<sup>(5)&amp;(8)</sup> 2) Lim Chai Guan<sup>(6a)&amp;(6b)&amp;(8)</sup></p>	Sale of palm oil mills equipment, spare parts and engineering works.	36,505,649
	RSB (Recipient)	<p><u>Interested Directors/ Major Shareholder</u> 1) Datuk Lim Chai Beng<sup>(1a)&amp;(1b)&amp;(9)</sup></p> <p><u>Interested Person Connected</u> 1) Lim Chai Huat<sup>(5)&amp;(8)</sup> 2) Lim Chai Guan<sup>(6a)&amp;(6b)&amp;(8)</sup></p>	Sale of palm oil mills equipment, spare parts and engineering works.	543,468
	TPL (Recipient)	<p><u>Interested Directors/ Major Shareholder</u> 1) Datuk Lim Chai Beng<sup>(1a)&amp;(1b)&amp;(9)</sup></p> <p><u>Interested Person Connected</u> 1) Lim Chai Huat<sup>(5)&amp;(8)</sup> 2) Lim Chai Guan<sup>(6a)&amp;(6b)&amp;(8)</sup></p>	Sale of palm oil mills equipment, spare parts and engineering works.	2,270,080

## OTHER COMPLIANCE INFORMATION

### Explanatory Notes:

- 1a. Datuk Lim Chai Beng is a Director and a Major Shareholder of CBIPH.
- 1b. Datuk Lim Chai Beng is also the Directors and Major Shareholders of PWB, RSB, TPL, ENBPOL and Glory Jade Investment Ltd ("GJIL").
2. TPL and ENBPOL are the wholly-owned subsidiaries of GJIL.
3. Mak Chee Meng is a Director of CBIPH and has direct interest of 3.11% in CBIPH. He is also a Major Shareholder of PWB.
- 4a. Tan Yu Hwa is the Director of MESB and has direct interest of 1.65% in CBIPH. He is also a Director and a Major Shareholder of PWB.
- 4b. Tan Yu Hwa is Director of MESB and PESB.
5. Lim Chai Huat is a Director of CBIPH and has direct interest of 4.25% in CBIPH.
- 6a. Lim Chai Guan is a Director of PESB and MESB
- 6b. Lim Chai Guan has direct interest of 5.00% in CBIPH.
7. Lim Sim Tong is a daughter of Datuk Lim Chai Beng and has direct interest of 0.35% in CBIPH. She is also a Director of PWB.
8. Datuk Lim Chai Beng, Lim Chai Huat, and Lim Chai Guan are siblings.
9. Lim Zee Ping is the Alternate Director to Datuk Lim Chai Beng and has direct interest of 0.71% in CBIPH. He is deemed interested in the RRPT entered by the Group with the related parties.

# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2017. All values shown in this report are rounded to the nearest thousand ("RM'000") except where 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 6 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
- Owners of the Company	51,409	28,292
- Non-controlling interests	14,186	-
	<u>65,595</u>	<u>28,292</u>

## DIVIDENDS

During the financial year, the Company paid the following dividends:-	RM'000
First interim single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2017, paid on 16 August 2017	15,698
Second interim single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2017, paid on 30 January 2018	<u>15,683</u>
	<u>31,381</u>

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

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

## SHARE OPTIONS

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

## DIRECTORS' REPORT

### BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of allowance for impairment losses on receivables inadequate to any substantial extent.

### CURRENT ASSETS

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

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

### VALUATION METHODS

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

### CONTINGENT AND OTHER LIABILITIES

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

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

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

### CHANGE OF CIRCUMSTANCES

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



# DIRECTORS' REPORT

## ITEMS OF AN UNUSUAL NATURE

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

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

## DIRECTORS

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

### Directors of the Company

Tan Sri Datuk Dr. Yusof Bin Basiran  
Datuk Lim Chai Beng  
Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah  
Mak Chee Meng  
Wong Chee Beng  
Lim Chai Huat  
Irin Tan Su Fern  
Lim Zee Ping (Alternate to Datuk Lim Chai Beng)  
Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab (Appointed on 19.3.2018)

### Directors of Subsidiaries (Other than Directors of the Company)

Ahmad Aminnurdin Bin Dinyati  
Dato' Ku Azhar Bin Ku Ahmad  
Guruge Elmo Lakshman Perera  
Koo Boon Hoe  
Lim Chai Guan  
Lim Cheng Heng  
Ng Ah Teh  
Siti Zawiyah Binti Alias  
Tan Boon Hoe  
Tan Hock Yew  
Tan Yu Hwa  
Tengku Ezrique Ezzuddean Bin Dato' Tengku Ardy Esfandiari

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in the securities of the Company during the financial year are as follows:-

Name of Director	Number of Ordinary Shares			Balance at 31.12.2017
	Balance at 1.1.2017	Bought	Sold	
Tan Sri Datuk Dr. Yusof Bin Basiran - Indirect <sup>(a)</sup>	800,000	-	-	800,000
Datuk Lim Chai Beng - Direct	164,324,720	374,000	(2,000,000)	162,698,720
- Indirect <sup>(a)</sup>	9,375,000	-	-	9,375,000
Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah - Direct	3,360,000	-	-	3,360,000
Mak Chee Meng - Direct	15,876,660	400,000	-	16,276,660
Lim Chai Huat - Direct	22,170,000	52,222	-	22,222,222
Lim Zee Ping - Direct	3,684,000	-	-	3,684,000

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

By virtue of his interest in shares in the Company, Datuk Lim Chai Beng is also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

## 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 Note 22 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 27 to the financial statements.

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

# DIRECTORS' REPORT

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity given to or liability insurance effected for any director or officer of the Group and the Company during the financial year.

## AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 22 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

## SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 25 APRIL 2018

**Datuk Lim Chai Beng**

**Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah**

## **STATEMENTS BY DIRECTORS**

### **PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Datuk Lim Chai Beng and Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah, being two of the directors of CB Industrial Product Holding Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 75 to 132 give a true and fair view of the financial position of the Group and the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 25 APRIL 2018**

**Datuk Lim Chai Beng**

**Tengku Dato' Ardy Esfandiari  
Bin Tengku A. Hamid Shah**

## **STATUTORY DECLARATION**

### **PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, Tan Hock Yew, being the officer primarily responsible for the financial management of CB Industrial Product Holding Berhad, do solemnly and sincerely declare that the financial statements set out on pages 75 to 132 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
Tan Hock Yew at Klang in the state of  
Selangor Darul Ehsan on this 25 April 2018

**Tan Hock Yew**

Before me  
Azmi Bin Ishak  
No: B413  
Commissioner Of Oaths

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of CB Industrial Product Holding Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 75 to 132.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### *Basis for Opinion*

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

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD (CONT'D)

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and the Company of the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key Audit Matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Impairment of goodwill (Refer to Note 3 and 5 to the financial statements)</u></p> <p>The Group carries significant goodwill as disclosed in Note 5 to the financial statements. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances.</li> <li>• Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method.</li> <li>• Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.</li> <li>• Performing stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of the recoverable amount.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD (CONT'D)

<i>Key Audit Matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Impairment of investments in associates (Refer to Note 3 and 7 to the financial statements)</u></p> <p>The carrying amounts of the Group's investments in its associates, namely Bahtera Bahagia Sdn. Bhd. and Kumpulan Kris Jati Sdn. Bhd. include significant amount of goodwill. As the carrying amounts of the investments exceed the Group's share of the associates' net assets, there is an indication of impairment. Accordingly, the Group performed impairment tests which involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances.</li> <li>• Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method.</li> <li>• Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.</li> <li>• Performing stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.</li> </ul>
<p><u>Revenue and costs in respect of construction contracts (Refer to Note 3 and 12 to the financial statements)</u></p> <p>The Group recognises contract revenue and costs in profit or loss by reference to the stage of completion of the contract activity. The determination of the stage of completion involves judgements in estimating the total costs and outcome of the contract activity. In making the estimate, management relies on past experience and continuous monitoring mechanism.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of: <ul style="list-style-type: none"> <li>• the Group's budgeting process; and</li> <li>• how the Group estimates the total costs and outcome of the contract activity.</li> </ul> </li> <li>• Reviewing the contract budgets and evaluating the reasonableness thereof by examining supporting documentation such as contracts, letters of award, variation orders, quotations, etc.</li> <li>• Verifying major costs incurred to supporting documentation such as progress claims, invoices, etc.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD (CONT'D)

<i>Key Audit Matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Impairment of receivables (Refer to Note 3 and 9 to the financial statements)</u></p> <p>The Group carries significant receivables and is subject to major credit risk exposures. The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customers' creditworthiness, current economic trends, customer past payment terms, etc.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of: <ul style="list-style-type: none"> <li>• the Group's control over the receivable collection process;</li> <li>• how the Group identifies and assesses the impairment of receivables; and</li> <li>• how the Group makes the accounting estimates for impairment.</li> </ul> </li> <li>• Reviewing ageing analysis of receivables and testing the reliability thereof.</li> <li>• Reviewing subsequent cash collections for major receivables and overdue amounts.</li> <li>• Making inquiries of management regarding the action plans to recover overdue amounts.</li> <li>• Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections.</li> <li>• Examining other evidences including customers correspondences, proposed settlement plans, etc.</li> <li>• Evaluate reasonableness and adequacy of the allowance for impairment recognised for identified exposures.</li> </ul>

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



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD (CONT'D)

### *Information Other than the Financial Statements and Auditors' Report Thereon*

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD (CONT'D)

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD (CONT'D)

### *Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)*

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD (CONT'D)

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

### Other Matters

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

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

25 April 2018

**Ong Beng Chooi**  
Approval No : 03155/05/2019 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	4	342,679	350,127	945	1,073
Goodwill	5	16,341	16,341	-	-
Investments in subsidiaries	6	-	-	35,443	35,443
Investments in associates	7	109,333	97,237	49,430	49,430
Investment in joint venture	8	27,019	26,264	20,187	20,187
Investments in club memberships, at cost		471	471	-	-
Receivables	9	-	-	-	126,143
Available-for-sale financial assets	10	19,987	9,032	-	-
Deferred tax assets	11	1,452	903	-	-
		<u>517,282</u>	<u>500,375</u>	<u>106,005</u>	<u>232,276</u>
<b>CURRENT ASSETS</b>					
Asset held for sale		-	40,939	-	-
Amounts due from customers for contract work	12	134,357	59,292	-	-
Inventories	13	33,050	32,144	-	-
Receivables	9	154,464	181,528	367,795	253,917
Financial assets at fair value through profit or loss	14	26,604	33,820	26,604	33,820
Prepayments		1,001	5,750	10	10
Current tax assets		2,191	1,986	37	106
Cash and cash equivalents	15	134,445	164,663	892	836
		<u>486,112</u>	<u>520,122</u>	<u>395,338</u>	<u>288,689</u>
<b>TOTAL ASSETS</b>		<u>1,003,394</u>	<u>1,020,497</u>	<u>501,343</u>	<u>520,965</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	16	271,044	269,124	271,044	269,124
Treasury shares	16	(37,791)	(35,100)	(37,791)	(35,100)
Reserves		491,224	490,746	103,334	108,343
Equity attributable to owners of the Company		<u>724,477</u>	<u>724,770</u>	<u>336,587</u>	<u>342,367</u>
Non-controlling interests	17	61,131	48,436	-	-
<b>TOTAL EQUITY</b>		<u>785,608</u>	<u>773,206</u>	<u>336,587</u>	<u>342,367</u>
<b>NON-CURRENT LIABILITIES</b>					
Loans and borrowings	18	17,477	12,873	250	350
Retirement benefits	19	5,228	3,620	-	-
Deferred tax liabilities	11	267	715	-	-
		<u>22,972</u>	<u>17,208</u>	<u>250</u>	<u>350</u>
<b>CURRENT LIABILITIES</b>					
Payables	20	96,887	130,173	129,581	149,340
Dividend payable		15,683	15,724	15,683	15,724
Loans and borrowings	18	49,790	19,099	19,242	13,184
Amounts due to customers for contract work	12	30,591	59,889	-	-
Current tax liabilities		1,863	5,198	-	-
		<u>194,814</u>	<u>230,083</u>	<u>164,506</u>	<u>178,248</u>
<b>TOTAL LIABILITIES</b>		<u>217,786</u>	<u>247,291</u>	<u>164,756</u>	<u>178,598</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,003,394</u>	<u>1,020,497</u>	<u>501,343</u>	<u>520,965</u>

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
REVENUE	21	704,058	577,883	61,015	65,176
COST OF SALES		(556,842)	(415,244)	-	-
GROSS PROFIT		147,216	162,639	61,015	65,176
OTHER INCOME		19,717	35,659	5,090	25,547
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(80,235)	(68,676)	(36,808)	(6,687)
FINANCE COSTS		(2,324)	(1,462)	(941)	(271)
SHARE OF PROFIT OF JOINT VENTURE		755	2,493	-	-
SHARE OF PROFIT OF ASSOCIATES		12,096	6,523	-	-
PROFIT BEFORE TAX	22	97,225	137,176	28,356	83,765
TAX EXPENSE	23	(31,630)	(25,127)	(64)	(90)
PROFIT FOR THE FINANCIAL YEAR		65,595	112,049	28,292	83,675
OTHER COMPREHENSIVE (LOSS)/INCOME:-					
<i>Items that will not be reclassified to profit or loss:</i>					
- Re-measurements of defined benefit liability		(819)	(784)	-	-
- Deferred tax effects thereof		201	192	-	-
<i>Item that may be reclassified subsequently to profit or loss:</i>					
- Currency translation differences for foreign operations		(16,765)	9,780	-	-
- Reclassification adjustments on disposal of foreign operations		(655)	-	-	-
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		(18,038)	9,188	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		47,557	121,237	28,292	83,675
Profit attributable to:					
- Owners of the Company		51,409	102,210	28,292	83,675
- Non-controlling interests		14,186	9,839	-	-
		65,595	112,049	28,292	83,675
Total comprehensive income attributable to:					
- Owners of the Company		33,286	111,446	28,292	83,675
- Non-controlling interests		14,271	9,791	-	-
		47,557	121,237	28,292	83,675
EARNINGS PER SHARE:	24				
- Basic (sen)		9.6	19.4		
- Diluted (sen)		9.6	19.4		

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Non-Distributable					Distributable		Equity attributable to owners of the Company		Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Fair value reserve	Currency translation reserve	Retained profits	RM'000	RM'000	RM'000		
Balance at 1 January 2016	269,124	(32,033)	1,920	(89)	942	428,958	668,822	38,459	707,281		
Re-measurements of defined benefit liability	-	-	-	-	-	(744)	(744)	(40)	(784)		
Deferred tax effects thereof	-	-	-	-	-	183	183	9	192		
Currency translation differences for foreign operations	-	-	-	-	9,797	-	9,797	(17)	9,780		
Other comprehensive income/(loss) for the financial year	-	-	-	-	9,797	(561)	9,236	(48)	9,188		
Profit for the financial year	-	-	-	-	-	102,210	102,210	9,839	112,049		
Total comprehensive income for the financial year	-	-	-	-	9,797	101,649	111,446	9,791	121,237		
Purchase of own shares	-	(3,067)	-	-	-	-	(3,067)	-	(3,067)		
Dividends to owners of Company (Note 25)	-	-	-	-	-	(52,437)	(52,437)	-	(52,437)		
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,969)	(2,969)		
Changes in ownership interest in subsidiary	-	-	-	-	-	6	6	2,594	2,600		
Equity transactions with non-controlling interests	-	-	-	-	-	-	-	561	561		
Total transactions with owners	-	(3,067)	-	-	-	(52,431)	(55,498)	186	(55,312)		
Balance at 31 December 2016	269,124	(35,100)	1,920	(89)	10,739	478,176	724,770	48,436	773,206		

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

Group	Non-Distributable					Distributable		Equity		Total Equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium 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		
Balance brought forward	269,124	(35,100)	1,920	(89)	10,739	478,176	724,770	48,436	773,206	
Re-measurements of defined benefit liability	-	-	-	-	-	(729)	(729)	(90)	(819)	
Deferred tax effects thereof	-	-	-	-	-	179	179	22	201	
Reclassification adjustments on disposal of foreign operations	-	-	-	-	(616)	-	(616)	(39)	(655)	
Currency translation differences for foreign operations	-	-	-	-	(16,957)	-	(16,957)	192	(16,765)	
Other comprehensive (loss)/income for the financial year	-	-	-	-	(17,573)	(550)	(18,123)	85	(18,038)	
Profit for the financial year	-	-	-	-	-	51,409	51,409	14,186	65,595	
Total comprehensive (loss)/income for the financial year	-	-	-	-	(17,573)	50,859	33,286	14,271	47,557	
Purchase of own shares	-	(2,691)	-	-	-	-	(2,691)	-	(2,691)	
Transfer from share premium upon abolition of par value	1,920	-	(1,920)	-	-	-	-	-	-	
Dividends to owners of Company (Note 25)	-	-	-	-	-	(31,381)	(31,381)	-	(31,381)	
Loss of control of subsidiaries	-	-	-	-	-	493	493	(566)	(73)	
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,010)	(1,010)	
Total transactions with owners	1,920	(2,691)	(1,920)	-	-	(30,888)	(33,579)	(1,576)	(35,155)	
Balance at 31 December 2017	271,044	(37,791)	-	(89)	(6,834)	498,147	724,477	61,131	785,608	

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



## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

Company	Share capital RM'000	Treasury shares RM'000	Non-Distributable	Distributable	Total Equity RM'000
			Share premium RM'000	Retained Profits RM'000	
Balance at 1 January 2016	269,124	(32,033)	1,920	75,185	314,196
Profit (representing total comprehensive income) for the financial year	-	-	-	83,675	83,675
Purchase of own shares	-	(3,067)	-	-	(3,067)
Dividends (Note 25)	-	-	-	(52,437)	(52,437)
Total transactions with owners	-	(3,067)	-	(52,437)	(55,504)
Balance at 31 December 2016	269,124	(35,100)	1,920	106,423	342,367
Profit (representing total comprehensive income) for the financial year	-	-	-	28,292	28,292
Purchase of own shares	-	(2,691)	-	-	(2,691)
Transfer from share premium upon abolition of par value	1,920	-	(1,920)	-	-
Dividends (Note 25)	-	-	-	(31,381)	(31,381)
Total transactions with owners	1,920	(2,691)	(1,920)	(31,381)	(34,072)
Balance at 31 December 2017	271,044	(37,791)	-	103,334	336,587

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>					
Profit before tax		97,225	137,176	28,356	83,765
Adjustments for:-					
Depreciation		10,162	7,296	128	128
Development expenditure written off		-	2,699	-	-
Dividend income		(1,588)	(1,127)	(60,970)	(65,060)
Gain on disposal of partial ownership interests in subsidiaries		-	-	-	(1,792)
(Gain)/Loss on financial assets at fair value through profit or loss		(2,784)	3,929	(2,784)	3,929
Gain upon loss of control of subsidiaries	6	(493)	-	-	-
Impairment loss on receivables		8,827	18,557	-	-
Interest expense		1,904	1,064	929	258
Interest income		(2,674)	(3,024)	(593)	(4,828)
Loss/(Gain) on disposal of property, plant and equipment		409	(338)	-	(105)
Property, plant and equipment written off		66	-	-	-
Increase in liabilities for defined benefit plan		1,263	1,093	-	-
Reversal of impairment loss on receivables		(7,032)	(9,571)	-	-
Reversal of inventories written down		(53)	(34)	-	-
Share of profit of associates		(12,096)	(6,523)	-	-
Share of profit of joint venture Unrealised loss/(gain) on foreign exchange		(755)	(2,493)	-	-
		20,831	(1,151)	33,232	(17,445)
		<u>113,212</u>	<u>147,553</u>	<u>(1,702)</u>	<u>(1,150)</u>
Changes in:-					
Amounts due from/to customers for contract work		(104,363)	(27,960)	-	-
Inventories		(853)	6,254	-	-
Receivables and prepayments		40,447	(41,446)	(42)	(2,526)
Payables		(10,924)	16,486	(926)	2,019
Cash from/(for) operations		<u>37,519</u>	<u>100,887</u>	<u>(2,670)</u>	<u>(1,657)</u>
Interest paid		(1,904)	(1,064)	(929)	(258)
Tax (paid)/refunded		(36,088)	(30,832)	5	(96)
Net cash (for)/from operating activities and balance carried forward		<u>(473)</u>	<u>68,991</u>	<u>(3,594)</u>	<u>(2,011)</u>

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Balance brought forward		(473)	68,991	(3,594)	(2,011)
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Acquisition of a subsidiary		-	(1,151)	-	-
Additional investments in a subsidiary		-	-	-	(3,000)
Additions of development expenditure		-	(418)	-	-
Advances to subsidiaries		-	-	(39,758)	(36,723)
Changes in term deposits pledged as security		560	(5,956)	-	-
Dividends received		1,588	1,127	60,970	65,060
Interest received		2,674	3,024	593	4,828
Purchase of property, plant and equipment	26	(67,775)	(44,749)	-	(94)
Proceeds from disposal of property, plant and equipment		3,190	601	-	105
Proceeds from disposal of subsidiaries		13,929	2,600	-	2,600
Proceeds from disposal of quoted investments		10,000	14,387	10,000	14,387
Purchase of unquoted investments		(7,244)	-	-	-
Net cash (for)/from investing activities		<u>(43,078)</u>	<u>(30,535)</u>	<u>31,805</u>	<u>47,163</u>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>					
Advances from related parties		5	141	-	-
Dividends paid to owners of the Company		(31,422)	(52,491)	(31,422)	(52,491)
Dividends paid to non-controlling interests		(1,010)	(2,969)	-	-
Issuance of shares to non-controlling interest		-	561	-	-
Net increase in short-term loans and borrowings		29,831	14,077	6,058	13,084
Purchase of treasury shares		(2,691)	(3,067)	(2,691)	(3,067)
Repayment to subsidiaries		-	-	-	(17,820)
Repayment of loans and borrowings		(2,657)	(2,548)	(100)	(50)
Repayment to directors		1	(7,501)	-	-
Term loan raised		7,200	-	-	-
Net cash for financing activities		<u>(743)</u>	<u>(53,797)</u>	<u>(28,155)</u>	<u>(60,344)</u>
Net (decrease)/increase in cash and cash equivalents		(44,294)	(15,341)	56	(15,192)
Cash and cash equivalents brought forward		142,482	166,776	836	16,028
Currency translation differences		14,094	(8,953)	-	-
Cash and cash equivalents carried forward	15	<u>112,282</u>	<u>142,482</u>	<u>892</u>	<u>836</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company are located at Lot 4, Jalan Waja 15, Kawasan Perusahaan Telok Panglima Garang, 42500 Telok Panglima Garang, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and providing management services. The principal activities of the subsidiaries are disclosed in Note 6.

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 25 April 2018.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

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

FRS	Effective for annual periods beginning on or after
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Annual Improvements to FRS Standards 2014 - 2016	1 January 2017
Cycles: Amendments to FRS 12 <i>Clarification of the Scope of the Standard</i>	

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Future Accounting Standards

##### Financial Reporting Standards

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

FRS (Issued as at end of reporting period)	Effective for annual periods beginning on or after
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to FRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	1 January 2018
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to FRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Annual Improvements to FRS Standards 2014 - 2016 Cycles:	1 January 2018
<ul style="list-style-type: none"> <li>• Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i></li> <li>• Amendments to FRS 128 <i>Investments in Associates and Joint Ventures</i></li> </ul>	

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

###### MFRS 15 Revenue from Contracts with Customers

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

The Group and the Company will apply the new requirements of MFRS 15 from 1 January 2018 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 118.

##### Malaysian Financial Reporting Standards

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 Basis of Consolidation

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

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured 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 acquirer.
  
- (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 2.8. 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 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 Basis of Consolidation (Cont'd)

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

#### 2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.8.

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated on a straight-line basis over the lease terms of 81 to 99 years. Plantation development expenditure, represent the capitalised costs on new planting and replanting of oil palm and estate infrastructure cost. 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	1% - 5%
Factory equipment and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	10% - 20%
Renovation	10% - 20%
Estate infrastructure cost	5%

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Investments in Subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.8.

#### 2.6 Investments in Associates

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

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the carrying amount of the investment is subject to further impairment assessment. The impairment policy is disclosed in Note 2.8.

In the separate financial statements of the Company, investments in associates are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.8.

#### 2.7 Investment in Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves an unincorporated entity or the establishment of a separate entity in which each party has an interest.

In the consolidated financial statements, investment in joint venture 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 joint venture'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 2.8.

In the separate financial statements of the Company, investment in joint venture is stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.8.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.8 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 and deferred tax assets, 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.

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, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

#### 2.9 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.9 Construction Contracts (Cont'd)

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

#### 2.10 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the first-in, first-out basis or 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.

#### 2.11 Financial Assets

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

##### Recognition and Measurement

A financial asset is recognised in the statement of financial position only when the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is initially recognised at transaction price (including transaction costs for a financial asset not subsequently measured at fair value through profit or loss) unless the arrangement constitutes a financing transaction, in which case the financial asset is initially recognised at the present value of future cash flows discounted using a market interest rate for similar instrument. The subsequent measurement of financial assets is as follows:-

##### (i) Loans and receivables

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.11 Financial Assets (Cont'd)

##### Recognition and Measurement (Cont'd)

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

All investments in equity instruments (other than interests in subsidiaries, associates and joint venture) are classified 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, 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.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

Marketable securities are carried at market value, determined on an aggregate basis. Market value is determined based on quoted market price. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.11 Financial Assets (Cont'd)

##### Impairment (Cont'd)

##### (i) Financial assets carried at amortised cost (Cont'd)

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) 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.

#### 2.12 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and 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 directly attributable transaction costs. After initial recognition, all financial liabilities, except for 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. 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 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.13 Leases

##### Finance Lease

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

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

##### Operating Lease

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

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

#### 2.14 Foreign Currency Transactions and Translation

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.14 Foreign Currency Transactions and Translation (Cont'd)

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

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

#### 2.15 Share Capital

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

Own shares purchased are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends, the cost of the shares distributed is applied in the reduction of distributable reserves.

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

#### 2.16 Fair Value Measurement

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.16 Fair Value Measurement (Cont'd)

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

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

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

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

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

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

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term 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 marketable securities 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 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.17 Income Recognition

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

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

Contract revenue is recognised in accordance with Note 2.9.

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

Interest income is recognised using the effective interest method.

Rental income is recognised on an accrual basis.

#### 2.18 Employee Benefits

##### Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss, 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.

##### Defined Benefit Plan

The Group operate an unfunded final salary defined benefit plan for their employees. The liability in respect of the defined benefit plan is the present value of the future benefits that employees have earned in return for their services rendered in the current and prior periods. The calculation is performed using the projected unit credit method, with actuarial valuations being carried out with sufficient regularity at an interval of not more than three years such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period. All components of defined benefit costs are recognised in profit or loss in the period in which they are incurred, except for re-measurements of the defined benefit liability which are recognised in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.19 Borrowing Costs

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

#### 2.20 Income Taxes

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

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

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

#### Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

#### Sources of Estimation Uncertainty

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

##### Impairment of goodwill

Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. The carrying amount of goodwill is disclosed in Note 5.

##### Impairment of investments in associates

When there is an indication that an investment in associate may be impaired, the Group performs impairment test by comparing the recoverable amount of the investment (higher of fair value less costs of disposal and value in use) with its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from its operations and the proceeds from the ultimate disposal of the investment. Such determination of the value in use involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. The carrying amounts of investments in associates are disclosed in Note 7.

##### 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. The carrying amounts of assets and liabilities arising from construction contracts are disclosed in Note 12.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

#### Sources of Estimation Uncertainty (Cont'd)

##### Impairment of receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of receivables. Allowance is applied to receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customers' creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of receivables as disclosed in Note 9.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 4. PROPERTY, PLANT AND EQUIPMENT

Group	At 1.1.2017 RM'000	Additions RM'000	Disposals /Write-offs RM'000	Reclassifications RM'000	Depreciation RM'000	Currency translation differences RM'000	At 31.12.2017 RM'000
<u>Carrying Amount</u>							
Freehold land and buildings	30,702	2,667	-	370	(18)	-	33,721
Long leasehold land	7,279	-	-	-	(128)	-	7,151
Buildings	44,561	7,308	-	1,820	(1,740)	(581)	51,368
Factory equipment and machinery	14,273	5,260	(118)	83	(2,650)	(1,125)	15,723
Furniture, fittings and office equipment	2,160	359	(7)	87	(504)	(30)	2,065
Motor vehicles	7,579	2,090	(487)	-	(1,938)	(363)	6,881
Renovation	1,986	175	(2)	-	(488)	-	1,671
Capital work-in-progress	2,911	3,020	(120)	(2,360)	-	(443)	3,008
Plantation development expenditure	238,676	47,817	(2,931)	(30,931)	(2,696)	(28,844)	221,091
	<b>350,127</b>	<b>68,696</b>	<b>(3,665)</b>	<b>(30,931)</b>	<b>(10,162)</b>	<b>(31,386)</b>	<b>342,679</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	At 1.1.2016 RM'000	Additions RM'000	Disposals RM'000	Reclassifications RM'000	Transfer to asset held for sale RM'000	Depreciation RM'000	Currency translation differences RM'000	At 31.12.2016 RM'000
<u>Carrying Amount</u>								
Freehold land and buildings	12,889	-	-	17,843	-	(30)	-	30,702
Long leasehold land	7,406	-	-	-	-	(127)	-	7,279
Buildings	44,669	959	-	209	-	(1,667)	391	44,561
Factory equipment and machinery	13,802	2,382	(13)	(1)	-	(2,535)	638	14,273
Furniture, fittings and office equipment	2,361	412	-	-	-	(641)	28	2,160
Motor vehicles	6,134	3,281	(250)	-	-	(1,762)	176	7,579
Renovation	1,917	410	-	117	-	(458)	-	1,986
Capital work-in-progress	856	2,135	-	(209)	-	-	129	2,911
Plantation development expenditure	226,143	37,406	-	-	(40,396)	(1,597)	17,120	238,676
	<u>316,177</u>	<u>46,985</u>	<u>(263)</u>	<u>17,959</u>	<u>(40,396)</u>	<u>(8,817)</u>	<u>18,482</u>	<u>350,127</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	At cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
At 31.12.2017			
Freehold land and buildings	33,769	(48)	33,721
Long leasehold land	7,849	(698)	7,151
Buildings	59,380	(8,012)	51,368
Factory equipment and machinery	27,374	(11,651)	15,723
Furniture, fittings and office equipment	5,149	(3,084)	2,065
Motor vehicles	15,899	(9,018)	6,881
Renovation	3,651	(1,980)	1,671
Capital work-in-progress	3,008	-	3,008
Plantation development expenditure	228,714	(7,623)	221,091
	<u>384,793</u>	<u>(42,114)</u>	<u>342,679</u>

At 31.12.2016

Freehold land and buildings	30,732	(30)	30,702
Long leasehold land	7,849	(570)	7,279
Buildings	51,183	(6,622)	44,561
Factory equipment and machinery	31,033	(16,760)	14,273
Furniture, fittings and office equipment	7,228	(5,068)	2,160
Motor vehicles	15,779	(8,200)	7,579
Renovation	3,948	(1,962)	1,986
Capital work-in-progress	2,911	-	2,911
Plantation development expenditure	244,314	(5,638)	238,676
	<u>394,977</u>	<u>(44,850)</u>	<u>350,127</u>

Company	At 1.1.2017 RM'000	Depreciation RM'000	At 31.12.2017 RM'000
<u>Carrying Amount</u>			
Buildings	592	(7)	585
Furniture, fittings and office equipment	6	(3)	3
Motor vehicles	475	(118)	357
	<u>1,073</u>	<u>(128)</u>	<u>945</u>

	At 1.1.2016 RM'000	Addition RM'000	Depreciation RM'000	At 31.12.2016 RM'000
<u>Carrying Amount</u>				
Buildings	599	-	(7)	592
Furniture, fittings and office equipment	8	-	(2)	6
Motor vehicles	-	594	(119)	475
	<u>607</u>	<u>594</u>	<u>(128)</u>	<u>1,073</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	At cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
At 31.12.2017			
Buildings	655	(70)	585
Furniture, fittings and office equipment	195	(192)	3
Motor vehicles	1,029	(672)	357
Renovation	299	(299)	-
	<u>2,178</u>	<u>(1,233)</u>	<u>945</u>
At 31.12.2016			
Buildings	655	(63)	592
Furniture, fittings and office equipment	195	(189)	6
Motor vehicles	1,029	(554)	475
Renovation	299	(299)	-
	<u>2,178</u>	<u>(1,105)</u>	<u>1,073</u>

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Motor vehicles	446	912	357	587
Factory equipment and machinery	<u>980</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Group	
	2017 RM'000	2016 RM'000
Freehold land and buildings	12,073	12,073
Buildings	<u>19,910</u>	<u>20,350</u>



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 5. GOODWILL

Goodwill has been allocated to Cash Generating Units ("CGUs") identified as follows:-

	Group	
	2017 RM'000	2016 RM'000
At 1 January/31 December:-		
PT Berkala Maju Bersama	7,975	7,975
PT Jaya Jadi Utama	6,013	6,013
PT Sawit Lamandau Raya	1,277	1,277
Advance Boiler Sdn. Bhd.	1,059	1,059
Magview Machinery Sdn. Bhd.	17	17
	<u>16,341</u>	<u>16,341</u>

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 20 years. Growth rate is determined based on the management's estimate of the industry trends and past performances of the segments. The discount rates used are pre-tax and reflect specific risks relating to the segments.

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.

#### 6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	<u>35,443</u>	<u>35,443</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2017 %	2016 %	
Modipalm Engineering Sdn. Bhd. ("MESB")	Malaysia	100	100	Manufacture of palm oil mill equipment and related spare parts, providing services for engineering support, mechanical fabrication, commissioning and other contracting work for palm oil mills.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2017 %	2016 %	
AVP Engineering (M) Sdn. Bhd. ("AVPSB")	Malaysia	49	49	Retrofitting special purpose vehicles.
Advance Boilers Sdn. Bhd.	Malaysia	100	100	Manufacture and service of boilers.
PalmitEco Engineering Sdn. Bhd.	Malaysia	100	100	Manufacture of palm oil mill equipment and related spare parts, providing services for engineering support, mechanical fabrication, commissioning and other contracting work for palm oil mills.
Avecpalm Marketing Resources Sdn. Bhd.	Malaysia	80	80	Trading in palm oil mill processing equipment.
Admiral Potential Sdn. Bhd. ("APSB")	Malaysia	100	100	Investment holding.
AV-Ecopalms Sdn. Bhd. ("AVESB")	Malaysia	100	100	Investment holding.
Accent Hectares Sdn. Bhd. ("AHSB")	Malaysia	100	100	Investment holding.
Benar Optima Sdn. Bhd. ("BOSB")	Malaysia	100	100	Investment holding.
C.B. Industrial Product Sdn. Bhd. ("CBIPSB")	Malaysia	100	100	Investment holding.
Great Enchant Sdn. Bhd.	Malaysia	100	100	Investment holding.
Midas Portfolio Sdn. Bhd. ("MPSB")	Malaysia	100	100	Investment holding.
Steam-Mech Engineering Sdn. Bhd. ("SMESB")	Malaysia	100	100	Investment holding.
Magview Machinery Sdn. Bhd.	Malaysia	71	71	Construct mills, factories, building, composting effluent plants and contracting works.
Palmit Process Engineering Sdn. Bhd.	Malaysia	100	100	Inactive.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2017 %	2016 %	
TPG Oil & Gas Sdn. Bhd. ("TPGSB")	Malaysia	49	49	Provide support and supplies for oil and gas industry.
<u>Subsidiaries of CBIPSB</u>				
PT CB Polaindo <sup>(a)</sup>	Indonesia	95	95	Provide engineering support and contracting works for palm oil mills.
CBIP (PNG) Limited <sup>(a)</sup>	Papua New Guinea	100	100	Providing engineering support and contracting works to palm oil mills.
Modipalma Latin America <sup>(a)</sup>	Republic of Guatemala	99.6	-	Supply and sale of spare parts for palm oil mills.
<u>Subsidiaries of AVPSP</u>				
TPG Aeronautik Sdn. Bhd.	Malaysia	39.2	39.2	Design, fabricate, supply, procure, maintain and service aviation related equipment.
AVP EMDigital (M) Sdn. Bhd.	Malaysia	29.4	29.4	Inactive.
<u>Subsidiary of SMESB</u>				
PT Sawit Lamandau Raya <sup>(a)</sup>	Indonesia	85	85	Cultivation of oil palm.
<u>Subsidiary of APSB</u>				
PT Jaya Jadi Utama <sup>(a)</sup>	Indonesia	94	94	Cultivation of oil palm.
<u>Subsidiaries of AVESB</u>				
PT Berkala Maju Bersama <sup>(a)</sup>	Indonesia	94	94	Cultivation of oil palm.
PT CBI Ecopalms Group <sup>(a)</sup>	Indonesia	100	100	Inactive.
<u>Subsidiary of MPSB</u>				
PT Gumas Alam Subur ("PTGAS")	Indonesia	20	94	Cultivation of oil palm.
<u>Subsidiary of AHSB</u>				
PT Kurun Sumber Rezeki ("PTKSR")	Indonesia	20	94	Cultivation of oil palm.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2017 %	2016 %	
<u>Subsidiary of BOSB</u>				
PT Manyangan Jaya ("PTMJ")	Indonesia	20	94	Cultivation of oil palm.

(a) *Not audited by Crowe Horwath*

#### Loss of Control of Subsidiaries

In May 2017, the Group's ownership interest in PTGAS, PTKSR, and PTMJ was diluted from 95% to 20%, resulting in a loss of control of the subsidiaries. Consequently, PTGAS, PTKSR and PTMJ became available-for-sale financial assets upon the dilution of ownership interest. The effects of the loss of control on the consolidated financial statements are as follows:-

Group	PTGAS RM'000	PTKSR RM'000	PTMJ RM'000	Total RM'000
Property, plant and equipment	16,115	15,896	8,383	40,394
Receivables	1	1	1	3
Cash and cash equivalents	302	240	-	542
Payables	(9,867)	(9,890)	(2,272)	(22,029)
Non-controlling interests	(204)	(204)	(197)	(605)
Share of net assets lost	6,347	6,043	5,915	18,305
Consideration received	(4,893)	(4,893)	(4,685)	(14,471)
Reclassification adjustments on disposal of foreign operations	(91)	(91)	(434)	(616)
Investments retained in former subsidiaries	(1,236)	(1,300)	(1,175)	(3,711)
Loss/(Gain) upon loss of control	127	(241)	(379)	(493)

### 7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost	49,430	49,430	49,430	49,430
Share of post-acquisition changes in net assets	59,903	47,807	-	-
	<u>109,333</u>	<u>97,237</u>	<u>49,430</u>	<u>49,430</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 7. INVESTMENTS IN ASSOCIATES (CONT'D)

The details of the associates are as follows:-

Name of Associate	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2017 %	2016 %	
Bahtera Bahagia Sdn. Bhd. ("BBSB") <sup>(a)</sup>	Malaysia	30	30	Cultivation of oil palm.
Kumpulan Kris Jati Sdn. Bhd. ("KKJSB") <sup>(a)</sup>	Malaysia	30	30	Cultivation of oil palm and production of crude palm oil and palm kernel.

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

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

Group	2017			2016
	BBSB RM'000	KKJSB RM'000	Total RM'000	Total RM'000
Non-current assets	23,930	201,052	224,982	228,577
Current assets	98,626	47,529	146,155	103,692
Non-current liabilities	(5,241)	(81,119)	(86,360)	(90,103)
Current liabilities	(5,902)	(89,687)	(95,589)	(93,297)
Net assets	111,413	77,775	189,188	148,869
Revenue	44,569	185,668	230,237	97,037
Profit (representing total comprehensive income)	19,681	20,638	40,319	21,743

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

Group	2017			2016
	BBSB RM'000	KKJSB RM'000	Total RM'000	Total RM'000
Net assets	111,413	77,775	189,188	148,869
Effective ownership interest	30%	30%	30%	30%
Share of net assets	33,424	23,333	56,757	44,661
Goodwill	25,642	26,934	52,576	52,576
Carrying amount	59,066	50,266	109,333	97,237

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 8. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost	20,187	20,187	20,187	20,187
Share of post-acquisition changes in net assets	6,832	6,077	-	-
	<u>27,019</u>	<u>26,264</u>	<u>20,187</u>	<u>20,187</u>

The details of the joint venture are as follows:-

Name of Joint Venture	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2017 %	2016 %	
Pride Palm Oil Mill Sdn. Bhd. ("PPOM") <sup>(a)</sup>	Malaysia	50	50	Investment holding.
<u>Subsidiary of PPOM</u> Solar Green Sdn. Bhd. <sup>(a)</sup>	Malaysia	50	50	Cultivation of oil palm and production of crude palm oil and palm kernel.

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

The summarised financial information of the joint venture is as follows:-

Group	PPOM and Subsidiary 2017 RM'000	2016 RM'000
Non-current assets	85,738	86,889
Current assets	5,316	27,593
Non-current liabilities	(17)	(6,250)
Current liabilities	(34,273)	(52,978)
Net assets	56,764	55,254
Revenue	36,681	83,178
Profit (representing total comprehensive income)	<u>1,510</u>	<u>4,987</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 8. INVESTMENT IN JOINT VENTURE (CONT'D)

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

Group	PPOM and Subsidiary	
	2017 RM'000	2016 RM'000
Net assets	56,764	55,254
Effective ownership interest	50%	50%
Share of net assets	28,382	27,627
Gain from bargain purchase	(1,363)	(1,363)
Carrying amount	<u>27,019</u>	<u>26,264</u>

#### 9. RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current trade receivables:				
- Related party <sup>(a)</sup>	2,178	11,990	-	-
- Unrelated parties	105,589	152,717	-	-
- Allowance for impairment	(16,179)	(16,121)	-	-
	<u>89,410</u>	<u>136,596</u>	-	-
	91,588	148,586	-	-
Current other receivables:				
- Subsidiaries	-	-	362,786	248,950
- Related party <sup>(a)</sup>	1	-	-	-
- Unrelated parties	79,214	49,281	5,009	4,967
- Allowance for impairment	(16,339)	(16,339)	-	-
	<u>62,875</u>	<u>32,942</u>	<u>5,009</u>	<u>4,967</u>
	62,876	32,942	367,795	253,917
	<u>154,464</u>	<u>181,528</u>	<u>367,795</u>	<u>253,917</u>
Non-current other receivables:				
- Subsidiaries	-	-	-	126,143
Total receivables	<u>154,464</u>	<u>181,528</u>	<u>367,795</u>	<u>380,060</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 2017

#### 9. RECEIVABLES (CONT'D)

The currency profile of receivables is as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Euro	1,103	1,179	-	-
Guatemalan Quetzal	44	-	-	-
Indonesian Rupiah	53,477	32,332	299,744	180,621
Kina	6,744	7,675	-	-
United States Dollar	23,112	82,453	-	-
Ringgit Malaysia	69,984	57,889	68,051	199,439
	<u>154,464</u>	<u>181,528</u>	<u>367,795</u>	<u>380,060</u>

#### Trade receivables

Trade receivables are unsecured, non-interest bearing with 30 to 90 day terms.

Included in trade receivables are retention sums for contract work amounting to RM28,562,400 (2016 - RM36,999,000).

The movements in allowance for impairment are as follows:-

	Group	
	2017 RM'000	2016 RM'000
At 1 January	16,121	30,090
Increase during the financial year	8,827	2,218
Reversal during the financial year	(7,032)	(9,571)
Bad debts written off	(1,737)	(6,616)
At 31 December	<u>16,179</u>	<u>16,121</u>

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

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

	Group	
	2017 RM'000	2016 RM'000
Not past due	54,531	67,827
Past due 1 to 30 days	11,059	30,567
Past due 31 to 120 days	9,094	8,808
Past due more than 120 days	16,904	41,384
	<u>91,588</u>	<u>148,586</u>

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



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 9. RECEIVABLES (CONT'D)

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2017, the Group did not have any major credit risk concentration relating to any individual customer or counterparty. The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2017 RM'000	2016 RM'000
Africa	7,496	1,425
Central America	3,247	20,774
Indonesia	31,161	55,565
Malaysia	26,920	30,796
Papua New Guinea	19,248	25,401
South America	-	12,503
Others	3,516	2,122
	<u>91,588</u>	<u>148,586</u>

#### Other Receivables

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

The movements in allowance for impairment are as follows:-

	Group	
	2017 RM'000	2016 RM'000
At 1 January	16,339	-
Increased during the year	-	16,339
At 31 December	<u>16,339</u>	<u>16,339</u>

#### 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2017 RM'000	2016 RM'000
Shares quoted in Malaysia - at fair value	32	32
Unquoted shares - at cost less impairment losses	19,955	9,000
	<u>19,987</u>	<u>9,032</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

The fair value 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.

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

Group	2017 RM'000	2016 RM'000
At 1 January	188	(1,817)
Deferred tax income/(expense) recognised in:	-	-
- Profit or loss (Note 23)	550	928
- Other comprehensive income	201	-
Deferred tax liabilities underprovided in prior years	368	1,025
Currency translation differences	(122)	(52)
At 31 December	<u>1,185</u>	<u>188</u>
Disclosed as:		
- Deferred tax assets	1,452	903
- Deferred tax liabilities	(267)	(715)
	<u>1,185</u>	<u>188</u>
In respect of:		
- (Taxable)/Deductible temporary differences of:		
- Property, plant and equipment	(702)	(1,196)
- Retirement benefits	1,268	886
- Financial instruments	475	498
- Unused tax losses	144	-
	<u>1,185</u>	<u>188</u>

Save as disclosed above, as at 31 December 2017, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of approximately RM540,000 (2016 - RM408,000). No further deferred tax assets have been recognised for the excess of the deductible temporary differences and unused tax losses over the taxable temporary differences as follows:-

	Group	
	2017 RM'000	2016 RM'000
Deductible temporary differences of:		
- Financial instruments	5,780	4,504
Unused tax losses	12	11
Taxable temporary differences of property, plant and equipment	(2,248)	(1,702)
	<u>3,544</u>	<u>2,813</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

	Group	
	2017 RM'000	2016 RM'000
Contract costs incurred	837,360	421,625
Recognised profits	163,853	95,030
	<u>1,001,213</u>	<u>516,655</u>
Progress billings	(897,447)	(517,252)
	<u>103,766</u>	<u>(597)</u>
Disclosed as:		
- Amounts due from customers for contract work	134,357	59,292
- Amounts due to customers for contract work	(30,591)	(59,889)
	<u>103,766</u>	<u>(597)</u>

#### 13. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
Raw materials	15,824	14,488
Work-in-progress	3,526	1,988
Finished goods	7,478	10,298
Estate stores	6,222	5,370
	<u>33,050</u>	<u>32,144</u>

#### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	33,820	52,136	33,820	52,136
Disposal during the year	(10,000)	(14,387)	(10,000)	(14,387)
Net change in fair value (charged)/credited to profit or loss	2,784	(3,929)	2,784	(3,929)
At 31 December	<u>26,604</u>	<u>33,820</u>	<u>26,604</u>	<u>33,820</u>
Quoted investments:				
- In Malaysia	17,377	20,163	17,377	20,163
- Outside Malaysia	9,227	13,657	9,227	13,657
	<u>26,604</u>	<u>33,820</u>	<u>26,604</u>	<u>33,820</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

The currency profile of financial assets at fair value through profit or loss is as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Hong Kong Dollar	3,587	4,550	3,587	4,550
Indonesia Rupiah	2,848	2,430	2,848	2,430
Malaysia Ringgit	17,377	20,163	17,377	20,163
Philippine Peso	197	867	197	867
Singapore Dollar	2,367	3,148	2,367	3,148
Thailand Baht	228	2,662	228	2,662
	<u>26,604</u>	<u>33,820</u>	<u>26,604</u>	<u>33,820</u>

The fair value of all marketable securities is based on their quoted bid prices in an active market.

#### 15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Highly liquid investments	50,880	39,077	24	23
Term deposits with licensed banks (fixed rate)	23,778	22,723	-	-
Cash and bank balances	59,787	102,863	868	813
	<u>134,445</u>	<u>164,663</u>	<u>892</u>	<u>836</u>

Certain term deposits of the Group totalling RM22,162,567 (2016 - RM22,723,441) have been pledged as security for credit facilities granted to the certain subsidiaries. Accordingly, these term deposits are not freely available for use.

The effective interest rates of term deposits as at 31 December 2017 ranged from 2.65% to 3.30% (2016 - 2.75% to 3.30%) per annum.

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Euro	3,603	9,669	-	-
Guatemalan Quetzal	68	-	-	-
Indonesian Rupiah	8,433	9,156	-	-
Kina	1,845	2,091	-	-
United States Dollar	3,657	12,350	-	-
Ringgit Malaysia	116,839	131,397	892	836
	<u>134,445</u>	<u>164,663</u>	<u>892</u>	<u>836</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 15. CASH AND CASH EQUIVALENTS (CONT'D)

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	134,445	164,663	892	836
Cash and cash equivalents of subsidiaries classified as asset held for sale	-	542	-	-
Term deposits pledged as security	(22,163)	(22,723)	-	-
	<u>112,282</u>	<u>142,482</u>	<u>892</u>	<u>836</u>

### 16. SHARE CAPITAL

	No. of ordinary shares '000	RM'000
<u>Authorised:-</u>		
Balance at 1 January 2016 <sup>(a)</sup> /31 December 2016 <sup>(a)</sup>	1,000,000	500,000
Cancellation upon abolition of par value	<u>(1,000,000)</u>	<u>(500,000)</u>
Balance at 31 December 2017	<u>-</u>	<u>-</u>
<u>Issued and fully paid:-</u>		
Balance at 1 January 2016 <sup>(a)</sup> /31 December 2016 <sup>(a)</sup>	538,248	269,124
Transfer from share premium upon abolition of par value	<u>-</u>	<u>1,920</u>
Balance at 31 December 2017 <sup>(b)</sup>	<u>538,248</u>	<u>271,044</u>

<sup>(a)</sup> Ordinary shares of RM0.50 each

<sup>(b)</sup> Ordinary shares with no par value

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

#### Purchase of Own Shares

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 26 May 2016, 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:-

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 16. SHARE CAPITAL (CONT'D)

##### Purchase of Own Shares (Cont'd)

	2017		2016	
	No. of shares '000	Cost RM'000	No. of shares '000	Cost RM'000
At 1 January	14,125	35,100	12,632	32,033
Shares purchased	1,343	2,691	1,493	3,067
At 31 December	<u>15,468</u>	<u>37,791</u>	<u>14,125</u>	<u>35,100</u>
Average unit cost for the financial year (RM)		<u>2.44</u>		<u>2.48</u>

The number of outstanding shares in issue after excluding the treasury shares is 522,781,000 (2016 - 524,124,000).

#### 17. NON-CONTROLLING INTERESTS ("NCI")

##### Group

	Accumulated NCI		Profit/(Loss) Allocated to NCI	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Avecpalm Marketing Resources Sdn. Bhd.	1,241	1,159	82	54
AVP Engineering (M) Sdn. Bhd.	58,925	46,698	13,208	7,983
TPG Oil & Gas Sdn. Bhd.	(264)	(264)	-	(93)
TPG Aeronautik Sdn. Bhd.	4,979	3,222	1,757	3,279
AVP EMDigital (M) Sdn. Bhd.	(2,610)	(2,427)	(183)	(921)
Magview Machinery Sdn. Bhd.	1,005	900	135	133
PT CB Polaindo	1,172	1,169	129	121
PT Sawit Lamandau Raya	(4,229)	(3,870)	(739)	(632)
PT Jaya Jadi Utama	676	793	(37)	(9)
PT Berkala Maju Bersama	238	451	(164)	(103)
PT Gumas Alam Subur	-	204	-	14
PT Kurun Sumber Rezeki	-	204	-	14
PT Manyangan Jaya	-	197	-	(1)
Modipalma Latin America	(2)	-	(2)	-
	<u>61,131</u>	<u>48,436</u>	<u>14,186</u>	<u>9,839</u>

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

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Ownership Interest Held by NCI		Principal Activities
		2017	2016	
AVP Engineering (M) Sdn. Bhd. ("AVPSB") <sup>(a)</sup>	Malaysia	51	49	Retrofit special purpose vehicles.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 17. NON-CONTROLLING INTERESTS (“NCI”) (CONT’D)

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Ownership Interest Held by NCI		Principal Activities
		2017 %	2016 %	
<u>Subsidiaries of CBIPSB</u>				
PT CB Polaindo <sup>(a)</sup>	Indonesia	5	5	Provide engineering support and contracting works for palm oil mills.
Modipalma Latin America <sup>(a)</sup>	Republic of Guatemala	0.4	-	Supply and sale of spare parts to palm oil mills.
<u>Subsidiaries of AVPSP</u>				
TPG Aeronautik Sdn. Bhd.	Malaysia	61.6	61.6	Design, fabricate, supply, procure, maintain and service aviation related equipment.
AVP EMDigital (M) Sdn. Bhd.	Malaysia	70.6	70.6	Inactive.
<u>Subsidiary of SMESB</u>				
PT Sawit Lamandau Raya <sup>(a)</sup>	Indonesia	15	15	Cultivation of oil palm.
<u>Subsidiary of APSB</u>				
PT Jaya Jadi Utama <sup>(a)</sup>	Indonesia	6	6	Cultivation of oil palm.
<u>Subsidiary of AVESB</u>				
PT Berkala Maju Bersama <sup>(a)</sup>	Indonesia	6	6	Cultivation of oil palm.
<u>Subsidiary of MPSB</u>				
PT Gumas Alam Subur	Indonesia	Refer to Note 6	6	Cultivation of oil palm.
<u>Subsidiary of AHSB</u>				
PT Kurun Sumber Rezeki	Indonesia	Refer to Note 6	6	Cultivation of oil palm.
<u>Subsidiary of BOSB</u>				
PT Manyangan Jaya	Indonesia	Refer to Note 6	6	Cultivation of oil palm.

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 17. NON-CONTROLLING INTERESTS (“NCI”) (CONT’D)

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

	2017 RM'000	2016 RM'000
Non-current assets	353,429	327,919
Current assets	203,269	232,594
Non-current liabilities	(317,816)	(312,283)
Current liabilities	(92,714)	(124,881)
Net assets	146,168	123,349
Revenue	503,852	291,890
Profit (representing total comprehensive income)	26,408	20,590
Net cash (for)/from operating activities	(65,004)	65,007
Net cash for investing activities	(61,437)	(77,980)
Net cash from financing activities	65,437	40,661
Net cash (outflow)/inflow	<u>(61,004)</u>	<u>27,688</u>

#### 18. LOANS AND BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Secured:-</u>				
Hire purchase payables (fixed rate)	1,310	795	350	450
Term loans (floating rate)	19,512	14,563	-	-
<u>Unsecured:-</u>				
Banker acceptances (fixed rate)	21,253	-	-	-
Revolving credits (fixed rate)	25,192	16,614	19,142	13,084
	<u>67,267</u>	<u>31,972</u>	<u>19,492</u>	<u>13,534</u>
Disclosed as:				
- Current liabilities	49,790	19,099	19,242	13,184
- Non-current liabilities	17,477	12,873	250	350
	<u>67,267</u>	<u>31,972</u>	<u>19,492</u>	<u>13,534</u>

Hire purchase payables are secured against the assets acquired thereunder (Note 4). Other secured term loans are secured against certain property, plant and equipment (Note 4).

The effective interest rates of loans and borrowings as at 31 December 2017 ranged from 3.03% - 8.28% (2016 - 2.32% to 6.20%) per annum.

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 18. LOANS AND BORROWINGS (CONT'D)

#### Hire Purchase Payables

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Minimum hire purchase payments:				
- Within 1 year	587	266	113	112
- Later than 1 year and not later than 2 years	865	631	281	394
Total contractual undiscounted cash flows	1,452	897	394	506
Future finance charges	(142)	(102)	(44)	(56)
Present value of hire purchase payables:				
- Within 1 year	530	235	100	100
- Later than 1 year and not later than 2 years	780	560	250	350
	<u>1,310</u>	<u>795</u>	<u>350</u>	<u>450</u>

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

#### Term Loans

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

	Group	
	2017	2016
	RM'000	RM'000
Gross loan instalments:		
- Within 1 year	3,691	2,883
- Later than 1 year and not later than 2 years	3,593	2,883
- Later than 2 years and not later than 5 years	10,194	7,672
- Later than 5 years	5,639	3,457
Total contractual undiscounted cash flows	23,117	16,895
Future finance charges	(3,605)	(2,332)
Present value of term loans:		
- Within 1 year	2,815	2,250
- Later than 1 year and note later than 2 years	2,841	2,250
- Later than 2 years and not later than 5 years	8,608	6,750
- Later than 5 years	5,248	3,313
	<u>19,512</u>	<u>14,563</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 19. RETIREMENT BENEFITS

The present value of defined benefit obligations are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Balance as at 1 January	3,620	1,565
Defined benefit costs	2,082	1,877
Currency translation differences	(474)	178
Balance as at 31 December	<u>5,228</u>	<u>3,620</u>

The components of defined benefit costs are as follows:-

Current service cost	1,006	950
Interest expense	257	143
Re-measurements arising from:		
- changes in financial assumptions	751	35
- experience adjustments	68	749
	<u>2,082</u>	<u>1,877</u>

The principal actuarial assumptions used to determine the present value of the defined benefit obligations are as follows:

	Group	
	2017 %	2016 %
Discount rate	7.08 to 7.41	8.36 to 8.57
Future salary growth	<u>7 - 10</u>	<u>7 - 10</u>

The following table demonstrates the sensitivity of the defined benefit obligations to changes in each principal actuarial assumption that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	2017 RM'000	2016 RM'000
Increase in discount rate by 1%	3,984	2,316
Decrease in discount rate by 1%	4,888	2,659
Increase in expected rate of salary by 1%	5,103	2,653
Decrease in expected rate of salary by 1%	<u>3,993</u>	<u>2,317</u>

The weighted average duration of the defined benefit obligations is 11 to 18 years.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 20. PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables				
- Related parties <sup>(a)</sup>	1,050	4,771	-	-
- Unrelated parties	59,565	98,126	-	-
	<u>60,615</u>	<u>102,897</u>	<u>-</u>	<u>-</u>
Other payables:				
- Related parties <sup>(a)</sup>	150	145	-	-
- Subsidiaries	-	-	127,886	146,719
- Directors	34	33	-	-
- Unrelated parties	36,088	27,098	1,695	2,621
	<u>36,272</u>	<u>27,276</u>	<u>129,581</u>	<u>149,340</u>
	<u>96,887</u>	<u>130,173</u>	<u>129,581</u>	<u>149,340</u>

<sup>(a)</sup> Being companies in which certain directors of the Company and their close family members have substantial financial interests.

The currency profile of payables is as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Euro	378	19,462	-	-
Indonesian Rupiah	16,534	14,204	-	-
Kina	767	5,458	-	-
Ringgit Malaysia	76,413	86,300	129,581	149,340
United States Dollar	2,559	4,734	-	-
Others	236	15	-	-
	<u>96,887</u>	<u>130,173</u>	<u>129,581</u>	<u>149,340</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 with 30 to 120 day terms.

#### Other Payables

Other payables are unsecured and non-interest bearing. The amount owing to subsidiaries is 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

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 21. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income from sale of goods	84,500	43,614	-	-
Income from sale of plantation produce	10,043	3,281	-	-
Income from rendering of services	407	-	45	45
Contract revenue	609,108	530,988	-	-
Dividend income	-	-	60,970	65,131
	<u>704,058</u>	<u>577,883</u>	<u>61,015</u>	<u>65,176</u>

#### 22. PROFIT BEFORE TAX

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- Current year	308	376	68	68
- Prior year	86	13	3	5
Depreciation	10,162	8,817	128	128
Directors' remuneration:				
- Fee	412	376	238	238
- Other short-term employee benefits	2,123	2,297	187	199
- Defined contribution plan	230	237	-	-
Impairment loss on receivables	8,827	18,557	-	-
Interest expense for financial liabilities not at fair value through profit or loss	1,904	1,064	929	258
Property, plant and equipment written off	66	-	-	-
Rental expense	131	132	-	-
Staff costs:				
- Short-term employee benefits	24,144	25,731	724	706
- Defined contribution plan	2,394	1,857	87	84
- Defined benefit plan	1,263	1,093	-	-
Development expenditure written off	-	2,699	-	-
Dividend income from:				
- Subsidiaries	-	-	(60,970)	(65,060)
- Unquoted investments in Malaysia Loss/ (Gain) on disposal of property, plant and equipment	(1,588)	(1,127)	-	-
	409	(338)	-	(105)
Gain on change in ownership interests in a subsidiary that does not result in loss of control	-	-	-	(1,792)
Gain upon loss of control of subsidiaries	(493)	-	-	-
(Gain)/Loss on financial instruments at fair value through profit or loss	(3,188)	3,929	(3,188)	3,929
	<u></u>	<u></u>	<u></u>	<u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 22. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loss/(Gain) on foreign exchange:				
- Realised	1,195	(14,927)	(1,861)	(1,294)
- Unrealised	20,831	(1,151)	33,232	(17,445)
Interest income for financial assets not at fair value through profit or loss	(2,674)	(3,024)	(593)	(4,828)
Rental income	(179)	(22)	(12)	(12)
Reversal of impairment loss on receivables	(7,032)	(9,571)	-	-
Reversal of inventories written down	<u>(53)</u>	<u>(34)</u>	<u>-</u>	<u>-</u>

The estimated monetary value of benefits received or receivable by certain directors other than in cash from the Group and the Company amounted to approximately RM80,000 and RM48,000 (2016 - RM129,000 and RM51,000).

#### 23. TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:				
- Malaysian income tax	28,591	34,088	96	90
- Overseas income tax	1,136	1,508	-	-
- Deferred tax	<u>(550)</u>	<u>(928)</u>	<u>-</u>	<u>-</u>
	29,177	34,668	96	90
Tax under/(over) provided in prior years:				
- Malaysian income tax	2,821	(8,785)	(32)	-
- Deferred tax	(368)	(1,025)	-	-
Withholding tax	-	269	-	-
Tax expense	<u>31,630</u>	<u>25,127</u>	<u>64</u>	<u>90</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 23. TAX EXPENSE (CONT'D)

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	97,225	137,176	28,356	83,765
Tax at the statutory tax rate of 24%	23,334	32,922	6,805	20,104
Non-deductible expenses	7,804	11,936	8,855	1,476
Non-taxable income	(1,663)	(7,243)	(15,564)	(21,490)
Increase/(Decrease) in unrecognised deferred tax assets	731	(2,911)	-	-
Effect of differential in tax rates	(840)	-	-	-
Deferred tax income relating to change in tax rate	-	(36)	-	-
Tax under/(over) provided in prior years:				
- Malaysian income tax	2,821	(8,785)	(32)	-
- Deferred tax	(368)	(1,025)	-	-
Withholding tax	(189)	269	-	-
Tax expense	31,630	25,127	64	90

#### 24. EARNINGS PER SHARE

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:-

	Group	
	2017	2016
Profit for the financial year attributable to owners of the Company (RM'000)	51,409	102,210
Number of shares in issue at 1 January ('000)	538,248	538,248
Effect of shares purchased ('000)	(5,394)	(13,788)
Weighted average number of shares in issue ('000)	532,854	524,460
Basic earnings ordinary per share (sen)	9.6	19.4

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 25. DIVIDENDS

Group and Company

	2017 RM'000	2016 RM'000
In respect of the financial year ended 31 December 2015:		
- Special interim single tier dividend of 4 sen per share	-	20,987
In respect of the financial year ended 31 December 2016:		
- First interim single tier dividend of 3 sen per share	-	15,726
- Second interim single tier dividend of 3 sen per share	-	15,724
In respect of the financial year ended 31 December 2017:		
- First interim single tier dividend of 3 sen per share	15,698	-
- Second interim single tier dividend of 3 sen per share	15,683	-
	<u>31,381</u>	<u>52,437</u>

#### 26. NOTES TO STATEMENTS OF CASH FLOWS

Purchase of Property, Plant and Equipment

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cost of property, plant and equipment purchased	68,696	46,985	-	594
Amount financed through hire purchase	(921)	(2,236)	-	(500)
Net cash disbursed	<u>67,775</u>	<u>44,749</u>	<u>-</u>	<u>94</u>

#### 27. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year other than those disclosed elsewhere in the financial statements are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Key management personnel compensation:				
- Short-term employee benefits	2,200	2,184	328	338
- Defined contribution plans	286	-	39	40
	2,486	2,184	367	378
Rendering of management services to subsidiaries	-	-	45	117

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 27. RELATED PARTY DISCLOSURES (CONT'D)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Rendering of management services to subsidiaries	-	-	45	117
Interest charged to subsidiaries	-	-	-	3,744
Renting of premises to subsidiaries	-	-	12	12
Purchase of goods from related parties <sup>(a)</sup>	1,675	9,252	-	-
Renting of premises from subsidiaries	-	13	-	-
Sales of goods to related parties <sup>(a)</sup>	46,008	3,484	-	-

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

The estimated monetary value of benefits-in-kind provided to certain key management personnel by way of usage of the Group's assets and other similar benefits amounted to approximately RM35,000 (2016 - NIL).

#### 28. OPERATING SEGMENTS

Group

##### Operating Segments

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

- (i) Plantation and milling - Cultivation of oil palm and production of crude palm oil and palm kernel.
- (ii) Equipment and engineering - Manufacture of palm oil equipment and related products, commissioning and contracting works for palm oil mills and trading of palm oil mill processing equipment.
- (iii) Special purpose vehicles - Retrofitting special purpose vehicles.
- (iv) Investing - Investment holding.

Except as indicated above, 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 2017

### 28. OPERATING SEGMENTS (CONT'D)

	2017	Plantation and Milling RM'000	Equipment and engineering RM'000	Special purpose vehicles RM'000	Investing RM'000	Consolidation adjustments and eliminations RM'000	Total RM'000
Segment assets		662,661	596,507	166,738	441,771	(1,004,278)	863,399
Investments in associates		-	-	-	49,430	59,903	109,333
Investment in joint venture		-	-	-	20,187	6,832	27,019
Income tax assets		1,312	1,035	1,258	38	-	3,643
Total assets		663,973	597,542	167,996	511,426	(937,543)	1,003,394
Additions to non-current assets		51,785	14,865	9,322	-	(32)	75,940
Segment liabilities		675,621	198,816	28,187	155,264	(909,499)	148,389
Loans and borrowings		-	27,863	19,912	19,492	-	67,267
Income tax liabilities		-	2,124	6	-	-	2,130
Total liabilities		675,621	228,803	48,105	174,756	(909,499)	217,786
External revenue		10,043	366,175	327,840	-	-	704,058
Intersegment revenue		-	20,073	-	61,015	(81,088)	-
Total revenue		10,043	386,248	327,840	61,015	(81,088)	704,058
Segment (loss)/profit		(10,978)	78,247	35,273	30,009	(48,947)	83,604
Interest income		735	1,402	537	-	-	2,674
Interest expense		-	(963)	(12)	(929)	-	(1,904)
Share of profit of associates		-	-	-	-	12,096	12,096
Share of profit of joint venture		-	-	-	-	755	755
(Loss)/Profit before tax		(10,243)	78,686	35,798	29,080	(36,096)	97,225
Tax income/(expense)		327	(24,622)	(7,270)	(65)	-	(31,630)
(Loss)/Profit for the financial year		(9,916)	54,064	28,528	29,015	(36,096)	65,595
Non-cash income		-	7,085	30	3,526	(249)	10,392
Depreciation		4,732	4,396	906	128	-	10,162
Other non-cash expenses		1,198	10,709	27	33,232	(13,741)	31,425

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 28. OPERATING SEGMENTS (CONT'D)

2016	Plantation and Milling RM'000	Equipment and engineering RM'000	Special purpose vehicles RM'000	Investing RM'000	Consolidation adjustments and eliminations RM'000	Total RM'000
Segment assets						
Investments in associates	293,900	385,530	133,026	40,712	-	853,168
Investment in joint venture	-	-	-	49,430	47,807	97,237
Income tax assets	-	-	-	20,187	6,077	26,264
Asset held for sale	903	1,360	520	106	-	2,889
	40,939	-	-	-	-	40,939
<b>Total assets</b>	<b>335,742</b>	<b>386,890</b>	<b>133,546</b>	<b>110,435</b>	<b>53,884</b>	<b>1,020,497</b>
Additions to non-current assets	38,083	6,229	975	595	-	45,882
Segment liabilities						
Loans and borrowings	392,899	218,012	65,346	207,986	(674,837)	209,406
Income tax liabilities	14	18,425	-	13,533	-	31,972
	-	5,433	480	-	-	5,913
<b>Total liabilities</b>	<b>392,913</b>	<b>241,870</b>	<b>65,826</b>	<b>221,519</b>	<b>(674,837)</b>	<b>247,291</b>
External revenue	3,281	416,231	158,371	-	-	577,883
Intersegment revenue	-	29,234	-	65,176	(94,410)	-
<b>Total revenue</b>	<b>3,281</b>	<b>445,465</b>	<b>158,371</b>	<b>65,176</b>	<b>(94,410)</b>	<b>577,883</b>
Segment (loss)/profit	(7,915)	102,282	25,854	70,604	(64,625)	126,200
Interest income	374	1,105	462	1,083	-	3,024
Interest expense	(16)	(789)	-	(259)	-	(1,064)
Share of profit of associates	-	-	-	-	6,523	6,523
Share of profit of joint venture	-	-	-	-	2,493	2,493
(Loss)/Profit before tax	(7,557)	102,598	26,316	71,428	(55,609)	137,176
Tax income/(expense)	531	(18,809)	(6,759)	(90)	-	(25,127)
<b>(Loss)/Profit for the financial year</b>	<b>(7,026)</b>	<b>83,789</b>	<b>19,557</b>	<b>71,338</b>	<b>(55,609)</b>	<b>112,049</b>
Non-cash income	906	16,738	123	12,230	-	29,997
Depreciation	1,973	4,439	756	128	-	7,296
Other non-cash expenses	108	22,011	-	3,929	-	26,048

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 28. OPERATING SEGMENTS (CONT'D)

#### Geographical Information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

	External Revenue		Non-current Assets	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Indonesia	44,967	44,409	247,095	241,429
Malaysia	648,249	522,741	269,351	213,463
Papua New Guinea	10,842	10,733	575	647
Republic of Guatemala	-	10,733	261	-
	<u>704,058</u>	<u>588,616</u>	<u>517,282</u>	<u>455,539</u>

#### Major Customers

For the financial year ended 31 December 2017, there was 1 (2016 - 1) major customer that contributed 10% or more of the Group's total revenue and the total revenue generated from this major customer amounted to RM139,493,412 (2016 - RM81,696,445).

### 29. FINANCIAL GUARANTEE CONTRACTS

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of RM438,413,000 (2016 - RM270,701,000). The total utilisation of these credit facilities as at 31 December 2017 amounted to approximately RM64,957,000 (2016 - RM31,972,000).

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 2.12. 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.

### 30. FINANCIAL RISK MANAGEMENT

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 30. FINANCIAL RISK MANAGEMENT (CONT'D)

#### Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statements 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 29.

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 on-going basis, setting and monitoring counterparties' limits and credit terms.

#### Liquidity Risk

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

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

#### Currency Risk

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 30. FINANCIAL RISK MANAGEMENT (CONT'D)

#### Currency Risk (Cont'd)

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

	Group	
	Increase/ (Decrease) in Profit 2017 RM'000	Increase/ (Decrease) in Profit 2016 RM'000
Appreciation of USD against RM by 10%	1,840	6,845
Depreciation of USD against RM by 10%	(1,840)	(6,845)
Appreciation of IDR against RM by 10%	3,665	2,258
Depreciation of IDR against RM by 10%	<u>(3,665)</u>	<u>(2,258)</u>

#### Interest Rate Risk

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

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

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

	Group	
	Increase/ (Decrease) in Profit 2017 RM'000	Increase/ (Decrease) in Profit 2016 RM'000
Increase in interest rates by 100 basis points	148	111
Decrease in interest rates by 100 basis points	<u>(148)</u>	<u>(111)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

#### 30. FINANCIAL RISK MANAGEMENT (CONT'D)

##### Other Price Risk

The Group's exposure to other price risk arises mainly from quoted investments. The Group manages its exposure to other price risk by maintaining a portfolio of debt securities and equities with different risk profiles. Reports on the investment portfolio are submitted to the Group's senior management on a regular basis.

The following table demonstrates the sensitivity of profit or loss to reasonably possible price movements in quoted investments, with all other variables held constant:-

	Group		Company	
	Increase/ (Decrease) in Profit 2017 RM'000	Increase/ (Decrease) in Profit 2016 RM'000	Increase/ (Decrease) in Profit 2017 RM'000	Increase/ (Decrease) in Profit 2016 RM'000
Increase in price by 10% (2016 - 10%)	2	2	-	-
Decrease in price by 10% (2016 - 10%)	<u>(2,022)</u>	<u>(2,570)</u>	<u>(2,022)</u>	<u>(2,570)</u>

#### 31. CAPITAL RISK 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 shareholders 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 do, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity as follows:-

	Group	
	2017 RM'000	2016 RM'000
Total loans and borrowings	67,267	31,972
Total equity	<u>785,608</u>	<u>773,206</u>
Total capital	<u>852,875</u>	<u>805,178</u>
Debt-to-equity ratio	<u>9%</u>	<u>4%</u>

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

## LIST OF PROPERTIES

### AS AT 31 DECEMBER 2017

Location	Description Of Property/ Usage	Tenure	Year Of Acquisition/ Revaluation (if any)	Land Area (Sq. M)	Net Carrying Amount (RM'000)	Approximate Age Of Building (Years)
Lot No. 4 Jalan Waja 15, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	1998	22,286	8,451	19
Lot No. 3 Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2003	24,654	6,244	11
Lot No. 4 Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2006	20,369	9,077	11
H.S.(D) 9207 P.T. No.3845 (Lot 8026) and H.S.(D) 9208 P.T. No.3846 (Lot 8027), Mukim of Damansara, District of Petaling, Selangor	1 unit office lot/ Rented out	Freehold	1996	117	321	19
Lot TPA/1, D'25 at Meranti Puchong, Taman Meranti Jaya, Mukim Dengkil, Daerah Sepang, Selangor	1 ½ storey semi-detached industrial building	Freehold	2010	1,078	2,349	6
No.1C, 3C & 5C, 3 <sup>rd</sup> Floor, Block 2, Pusat Perniagaan Worldwide, Shah Alam, Selangor	3 units office lot	Leasehold for 99 years/ Expiring on 25 March 2102	2008	360	585	21
Lot 1115, Jalan Pandamaran, Batu 3 ½, Kampung Pandamaran, 41200 Klang, Selangor	Industrial land with 10 single-storey open factory buildings and 2 office buildings	Freehold	2011	37,940	17,845	1-3
GRN45731, Lot 6074, Mukim Kapar, Daerah Klang, Selangor	Industrial land with a 3 storey office building and 2 single-storey factory buildings	Freehold	2013	40,494	31,983	16 - 19
Geran 58844 Lot 64258, Mukim Damansara, Daerah Petaling, Selangor	Industrial land with factory building	Freehold	2017	2,215	7,996	18
Kecamatan Lamandau, Kabupaten Lamandau, Kalimantan Tengah, Indonesia	Plantation land with estate buildings and oil palm plantation	Leasehold for 35 years/ Expiring on 23 October 2049	2014	5,898 (Hectares)	17,869	6

## ANALYSIS OF SHAREHOLDINGS AS AT 22 MARCH 2018

CLASS OF SHARES	: Ordinary shares
ISSUED SHARES CAPITAL	: 522,780,758 ordinary shares (excluding Treasury Shares of 15,467,927)
VOTING RIGHTS	: One vote per ordinary share
NUMBER OF SHAREHOLDERS	: 5,725

### DISTRIBUTION OF TABLE A ACCORDING TO THE NUMBER OF SECURITIES HELD IN RESPECT OF ORDINARY SHARES AS AT 22 MARCH 2018

Size of Shareholdings	No. of Holders	No. of Shares	Percentage (%)
Less than 100	167	2,871	0.00
100 - 1,000	591	384,126	0.07
1,001 - 10,000	3,063	15,458,225	2.96
10,001 - 100,000	1,579	47,342,275	9.06
100,001 – 26,139,036 <sup>1</sup>	324	415,534,509	79.49
26,139,037 <sup>2</sup> and above	1	44,058,752	8.43
Tota:	5,725	522,780,758 <sup>3</sup>	100.00

#### Notes:

- 1 Less than 5% of issued shares
- 2 5% and above of issued shares
- 3 Excluding Treasury Shares of 15,467,927

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Lim Chai	163,591,120	31.29	9,375,000 <sup>1</sup>	1.79
Beng Lim Chai	26,142,120	5.00	1,017,500 <sup>1</sup>	0.19
Guan Tan Sow Peng	1,017,500	0.19	26,142,120	5.00

### LIST OF DIRECTORS' SHAREHOLDINGS

Names	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Lim Chai Beng	163,591,120	31.29	9,375,000 <sup>1</sup>	1.79
Lim Chai Huat	22,222,222	4.25	-	-
Mak Chee Meng	16,276,660	3.11	-	-
Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah	3,360,000	0.64	-	-
Tan Sri Datuk Dr. Yusof Bin Basiran	-	-	800,000 <sup>2</sup>	0.15
Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab	-	-	-	-
Wong Chee Beng	-	-	-	-
Irin Tan Su Fern	-	-	-	-
Lim Zee Ping (Alternate Director to Datuk Lim Chai Beng)	3,684,000	0.70	-	-

#### Notes

- 1 Deemed interested via his children's shareholdings
- 2 Deemed interested via his spouse's shareholdings



# ANALYSIS OF SHAREHOLDINGS

## AS AT 22 MARCH 2018

### LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

	Name	No. of Shares held	Percentage (%)
1.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng	44,058,752	8.43
2.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (562106643140)	24,516,583	4.69
3.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For AIA Bhd	24,292,000	4.65
4.	Lim Chai Guan	23,874,120	4.57
5.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (CBIPHB)	23,000,000	4.40
6.	Mak Chee Meng	15,876,660	3.04
7.	Lim Chai Huat	15,603,142	2.98
8.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For Deutsche Bank AG Singapore (Maybank SG PWM)	13,810,364	2.64
9.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (CEB)	13,152,900	2.52
10.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng	10,466,604	2.00
11.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (76401601350A)	9,543,417	1.83
12.	HSBC Nominees (Asing) Sdn Bhd TNTC For Kuroto Fund LP	9,222,715	1.76
13.	Tan Yu Hwa	8,631,600	1.65
14.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Chai Beng (M02)	7,770,600	1.49
15.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (007158456)	6,931,900	1.33
16.	Kumpulan Wang Persaraan (Diperbadankan)	6,412,900	1.23
17.	Lim Chye Ooi	6,082,280	1.16
18.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohamed Nizam Bin Abdul Razak	5,332,240	1.02
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (7002516)	5,000,000	0.96
20.	Lim Chai Tiong	4,862,340	0.93

## ANALYSIS OF SHAREHOLDINGS

### AS AT 22 MARCH 2018

Name	No. of Shares held	Percentage (%)
21. Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)	4,630,700	0.89
22. Lim Zee Yang	3,882,600	0.74
23. HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR-TST-ASING)	3,798,320	0.73
24. Lim Zee Ping	3,684,000	0.70
25. Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	3,623,700	0.69
26. Lim Chai Huat	3,565,680	0.68
27. DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An For Deutsche Bank AG London (Prime BRKRG CLT)	3,385,300	0.65
28. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tengku Ardy Esfandiari Bin Tengku A Hamid Shah (E-SS2)	3,360,000	0.64
29. Teh Huat Seng	3,262,000	0.62
30. CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad – Kenanga Growth Fund	3,238,000	0.62

## ANALYSIS OF WARRANT HOLDINGS AS AT 22 MARCH 2018

TYPE OF SECURITIES	:	Warrants 2014/2019
DATE OF EXPIRY	:	6 November 2019
EXERCISE RIGHT	:	Each Warrant carries the entitlement to subscribe for one (1) new Ordinary Share in the Company at an exercise price of RM2.40
VOTING RIGHTS	:	The holder of Warrants is not entitled to any voting rights.

### DISTRIBUTION TABLE A ACCORDING TO THE NUMBER OF SECURITIES HELD IN RESPECT OF WARRANTS AS AT 22 MARCH 2018

Category	No. of Holders	No. of Warrants	Percentage (%)
Less than 100	507	19,809	0.02
100 - 1,000	1,113	662,972	0.76
1,001 - 10,000	1,175	4,126,322	4.72
10,001 - 100,000	364	11,356,975	12.99
100,001 – 4,369,951 <sup>1</sup>	88	53,486,473	61.20
4,369,952 <sup>2</sup> and above	2	17,746,498	20.31
Total:	3,249	87,399,049	100.00

#### Notes:

- 1 Less than 5% of issued warrants  
2 5% and above of issued warrants

### LIST OF DIRECTORS' WARRANT HOLDINGS

Names	Direct		Indirect	
	No. of Warrants	%	No. of Warrants	%
Datuk Lim Chai Beng	29,600,575	33.87	729,165 <sup>1</sup>	0.83
Lim Chai Huat	3,695,000	4.23	-	-
Mak Chee Meng	2,479,443	2.84	-	-
Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah	560,000	0.64	-	-
Tan Sri Datuk Dr. Yusof Bin Basiran	-	-	133,333 <sup>2</sup>	0.15
Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab	-	-	-	-
Wong Chee Beng	-	-	-	-
Irin Tan Su Fern	-	-	-	-
Lim Zee Ping (Alternate Director to Datuk Lim Chai Beng)	280,666	0.32	-	-

#### Notes

- 1 Deemed interested via his children's warrant holdings  
2 Deemed interested via his spouse's warrant holdings

# ANALYSIS OF WARRANT HOLDINGS

## AS AT 22 MARCH 2018

### LIST OF THIRTY (30) LARGEST WARRANT ACCOUNT HOLDERS

	Name	No. of Warrant held	Percentage (%)
1.	Lim Chai Beng	13,261,015	15.17
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (CEB)	4,485,483	5.13
3.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For AIA Bhd	4,087,466	4.68
4.	Lim Chai Guan	3,979,020	4.55
5.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng	2,794,434	3.20
6.	HSBC Nominees (Asing) Sdn Bhd TNTC For Kuroto Fund LP	2,661,825	3.05
7.	Lim Chai Huat	2,591,820	2.97
8.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (562106643140)	2,500,000	2.86
9.	Mak Chee Meng	2,479,443	2.84
10.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For Deutsche Bank AG Singapore (Maybank SG PWM)	2,301,727	2.63
11.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (007158456)	2,274,133	2.60
12.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Chai Beng (M02)	1,850,450	2.12
13.	Tan Yu Hwa	1,465,000	1.68
14.	Lim Chye Ooi	1,013,713	1.16
15.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Pov Lan	900,000	1.03
16.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohamed Nizam Bin Abdul Razak	890,373	1.02
17.	Lim Chai Tiong	810,390	0.93
18.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Lea Ping (ONG1543C)	761,400	0.87
19.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Teng Hock	749,800	0.86
20.	Lim Eng Hu	707,666	0.81
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeow Kim Ee (7001028)	704,933	0.81

## ANALYSIS OF WARRANT HOLDINGS

### AS AT 22 MARCH 2018

Name	No. of Warrant held	Percentage (%)
22. Teh Huat Seng	616,666	0.71
23. Lim Chai Huat	594,280	0.68
24. Ting Hoe Hwa	589,300	0.67
25. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tengku Ardy Esfandiari Bin Tengku A Hamid Shah (E-SS2)	560,000	0.64
26. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Tan Seng Kow (MY0085)	541,000	0.62
27. Tan Ah Wah	537,500	0.61
28. Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Khoo Gee San (Margin)	500,000	0.57
29. Chan Thye Thian	499,000	0.57
30. Tan Teng Hock	475,700	0.54



# CB INDUSTRIAL PRODUCT HOLDING BERHAD

(Company No: 428930-H)  
(Incorporated in Malaysia)

## FORM OF PROXY

\*I/We .....\*NRIC/ Passport/ Company No.....

of .....

being a member(s) of **CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)** hereby appoints

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
<b>*And/or (delete as appropriate)</b>			

or failing \*him/her, THE CHAIRMAN OF THE MEETING, as \*my/our \*proxy/proxies, to vote for \*me/us on \*my/our behalf at the **TWENTY-FIRST ANNUAL GENERAL MEETING** of the Company to be held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Monday, 28 May 2018 at 10.30 a.m. and at any adjournment thereof.

# If you wish to appoint other person / persons to be your proxy / proxies, kindly delete the words "or failing him / her, THE CHAIRMAN OF THE MEETING" and insert the name / names of the person / persons desired.

Please indicate with an "X" in the space provided, how you wish your vote to be cast in respect of the following resolutions. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two (2) proxies, please specify the proportions of holdings to be represented by each proxy.

My/our proxy/proxies is/are to vote as indicated below:

Ordinary Resolutions		For	Against
1	To re-elect Tan Sri Datuk Dr. Yusof Bin Basiran as a Director		
2	To re-elect Mak Chee Meng as a Director		
3	To re-elect Lim Chai Huat as a Director		
4	To re-elect Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab as a Director		
5	To approve the payment of Directors' Remuneration for the financial period from 1 July 2018 until 30 June 2019		
6	To re-appoint Messrs. Crowe Horwath as Auditors of the Company		
7	To approve the Authority to Issue and Allot Shares		
8	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		
9	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10	To approve the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
11	To approve the continuing in office for Tan Sri Datuk Dr. Yusof Bin Basiran as an Independent Non-Executive Director		
12	To approve the continuing in office for Wong Chee Beng as an Independent Non-Executive Director		

\* Delete if not applicable

Dated this ..... day of..... 2018

.....  
Signature/Common Seal of Shareholder

Number of shares held:-	
CDS account no.:-	
Telephone no.:-	

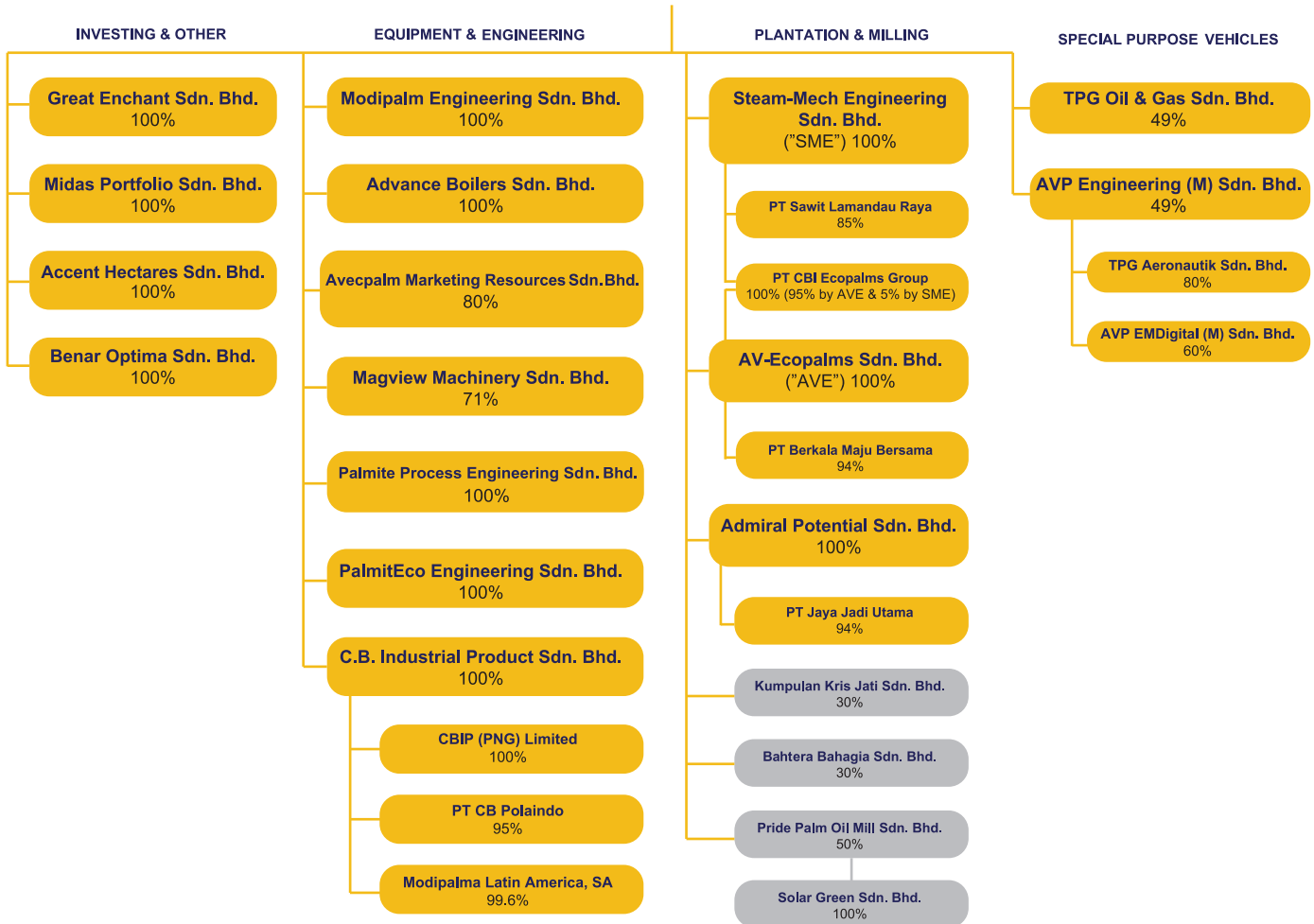
**Notes:-**

- i) *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.*
- ii) *A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.*
- iii) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, such member may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- iv) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- v) *If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*
- vi) *The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 4, Jalan Waja 15, Kawasan Perusahaan Telok Panglima Garang, 42500 Telok Panglima Garang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
- vii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
- viii) *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 69 of the Constitution of the Company, a Record of Depositors as at 22 May 2018 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.*

# CORPORATE STRUCTURE



## CB INDUSTRIAL PRODUCT HOLDING BERHAD



● Associates and Joint Ventures.





**CB INDUSTRIAL PRODUCT HOLDING BERHAD**

(428930-H)



T : +603 3122 7117  
+603 3122 8899  
F : +603 3122 2629



W : [www.cbip.com.my](http://www.cbip.com.my)  
E : [info@cbip.com.my](mailto:info@cbip.com.my)



Lot 4, Jalan Waja 15,  
Kawasan Perusahaan Telok Panglima Garang,  
42500 Telok Panglima Garang,  
Selangor, Malaysia.