



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

	Land and Buildings RM	Roads and Bridges RM	Plant and Machinery RM	Motor Vehicles, Furniture, Fittings and Equipment RM	Construction -in-progress RM	Total RM
The Group						
Accumulated Impairment Loss						
Balance at January 1, 2016/ December 31, 2016	-	-	-	-	-	-
Transfer from investment properties (Note 13)	2,195,279	-	-	-	-	2,195,279
Balance at December 31, 2017	2,195,279	-	-	-	-	2,195,279
Net Book Value						
Balance at December 31, 2017	213,273,952	5,565,663	23,737,280	12,262,399	1,265,930	256,105,224
Balance at December 31, 2016	220,752,657	3,262,287	24,396,080	15,817,884	1,665,180	265,894,088



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

The Company	Land and Buildings RM	Roads and Bridges RM	Plant and Machinery RM	Motor Vehicles, Furniture, Fittings and Equipment RM	Construction -in-progress RM	Total RM
Balance at January 1, 2016	161,350,980	541,800	16,345,246	15,716,203	1,208,530	195,162,759
Additions	110,000	-	183,280	314,670	-	607,950
Disposals	-	-	-	(54,468)	-	(54,468)
Balance at December 31, 2016	161,460,980	541,800	16,528,526	15,976,405	1,208,530	195,716,241
Additions	673,050	-	-	45,255	-	718,305
Written-off	-	-	(147,000)	-	-	(147,000)
Balance at December 31, 2017	162,134,030	541,800	16,381,526	16,021,660	1,208,530	196,287,546
Accumulated Depreciation						
Balance at January 1, 2016	28,692,343	348,006	12,624,909	11,234,249	-	52,899,507
Charge for the year	2,379,777	54,216	682,524	1,355,611	-	4,472,128
Disposals	-	-	-	(5,448)	-	(5,448)
Balance at December 31, 2016	31,072,120	402,222	13,307,433	12,584,412	-	57,366,187
Charge for the year	2,402,232	54,216	602,685	1,087,835	-	4,146,968
Balance at December 31, 2017	33,474,352	456,438	13,910,118	13,672,247	-	61,513,155



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

The Company	Land and Buildings RM	Roads and Bridges RM	Plant and Machinery RM	Motor Vehicles, Furniture, Fittings and Equipment RM	Construction -in-progress RM	Total RM	The Company	
							2017 RM	2016 RM
Net Book Value								
Balance at December 31, 2017	128,659,678	85,362	2,471,408	2,349,413	1,208,530	134,774,391		
Balance at December 31, 2016	130,388,860	139,578	3,221,093	3,391,993	1,208,530	138,350,054		
Carrying amounts of land and buildings								
Freehold land			20,770,000	20,770,000	20,770,000	20,770,000		
Long-term leasehold land			129,582,266	136,380,467	71,665,021	72,910,897		
Buildings			62,921,686	63,602,190	36,224,657	36,707,963		
	213,273,952		220,752,657	128,659,678	130,388,860			



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

Security

Land and buildings of the Group and of the Company with a carrying amount of RM63,462,666 (2016: RM64,623,156) and RM53,670,350 (2016: RM54,594,950) respectively are charged to banks as security for banking facilities granted to the Company and a subsidiary as disclosed in Note 25.

Leased assets

Included in the property, plant and equipment of the Group and of the Company are motor vehicles and equipment acquired by means of hire-purchase arrangements with carrying amount of RM6,443,924 (2016: RM9,766,205) and RM600,408 (2016: RM1,357,418) respectively.

Others

The depreciation charge for property, plant and equipment is allocated as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Statements of profit or loss and other comprehensive income	15,478,482	14,931,017	4,146,968	4,472,128
Biological assets	333,852	307,852	-	-
	<u>15,812,334</u>	<u>15,238,869</u>	<u>4,146,968</u>	<u>4,472,128</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

12. BIOLOGICAL ASSETS

	Plantation Development Expenditure		Total RM
	Oil Palm RM	Teak Tree RM	
The Group			
Cost			
Balance at January 1, 2016	158,743,331	15,601	158,758,932
Additions	25,357,316	-	25,357,316
Transfer to assets held for sale (Note 21)	4,186,311	-	4,186,311
Balance at December 31, 2016	188,286,958	15,601	188,302,559
Additions	23,315,556	-	23,315,556
Transfer from investment properties (Note 13)	60,080	-	60,080
Disposals of subsidiary company	(4,186,312)	-	(4,186,312)
Balance at December 31, 2017	207,476,282	15,601	207,491,883
Accumulated Amortisation			
Balance at January 1, 2016	27,807,211	-	27,807,211
Charge for the year	4,639,446	-	4,639,446
Balance at December 31, 2016	32,446,657	-	32,446,657
Charge for the year	4,853,556	-	4,853,556
Disposals of subsidiary company	(13,726)	-	(13,726)
Balance at December 31, 2017	37,286,487	-	37,286,487
Accumulated Impairment Loss			
Balance at January 1, 2016	5,800,000	-	5,800,000
Impairment loss no longer required	(5,800,000)	-	(5,800,000)
Balance at December 31, 2016/ December 31, 2017	-	-	-
Net Book Value			
Balance at December 31, 2017	170,189,795	15,601	170,205,396
Balance at December 31, 2016	155,840,301	15,601	155,855,902



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

	Development Expenditure - Oil Palm RM
The Company	
Cost	
Balance at January 1, 2016	20,137,998
Additions	<u>3,084,143</u>
Balance at December 31, 2016	23,222,141
Additions	<u>3,639,924</u>
Balance at December 31, 2017	<u>26,862,065</u>
Accumulated Amortisation	
Balance at January 1, 2016	2,190,725
Charge for the year	<u>765,516</u>
Balance at December 31, 2016	2,956,241
Charge for the year	<u>765,516</u>
Balance at December 31, 2017	<u>3,721,757</u>
Net Book Value	
Balance at December 31, 2017	<u>23,140,308</u>
Balance at December 31, 2016	<u>20,265,900</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

Included in plantation development expenditure of the Group and of the Company are the following capitalised expenses:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Finance costs (Note 7)	862,336	859,944	-	-
Depreciation of property, plant and equipment (Note 11)	333,852	307,852	-	-
Staff costs	<u>467,496</u>	<u>144,541</u>	<u>288,438</u>	<u>116,473</u>

The plantation development of a subsidiary, Harn Len Pelita Bengunan Sdn. Bhd., is situated on a Native Customary Rights Land Development Area in Sarawak. Pursuant to the Joint Venture Agreement dated September 3, 2004 and Supplementary Agreement dated March 29, 2010, the joint venture partner, Pelita Holdings Sdn. Bhd. ("Pelita") which holds a 40% equity interest in the said subsidiary (30% of which as trustee for the Sarawak Government and the natives (hereinafter referred to as "NCR Owners")), undertake to procure the alienation of the land for a lease period of 60 years from the Sarawak State Government to the said subsidiary.

In consideration of Pelita procuring the alienation of the lease as contribution for the 30% shareholding of the NCR Owners and capital contributions from the other shareholders, the subsidiary shall progressively increase its issued and paid-up share capital. In the year 2010, 1,982 hectares of the land at the agreed value of RM1,200 per hectare has been developed and surrendered by the NCR Owners and in accordance with the agreements entered into, an amount of RM1,427,040 (being 60% of the agreed value of land) was credited as fully paid-up shares of the subsidiary and these shares were issued to Pelita as trustees for the NCR Owners.

In 2016, Harn Len Pelita Bengunan Sdn. Bhd. was served with a Writ and Statement of Claim by the High Court of Sabah and Sarawak, where 36 natives ("Plaintiffs") alleged that the Company has been trespassing on the land located at Bait Ulu Sri Aman, Sarawak covering an area of approximately 1,083.55 acres for which the Plaintiffs claimed to have native title and/or Native Customary Rights over the land. The trial was original fixed in February 2018 but was adjourned to April 2018. At the end of the reporting period, the title to the leasehold land of the Company has yet to be issued by the relevant authority to the Company.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

13. INVESTMENT PROPERTIES

Group	Land and Buildings RM	Property Development Expenditure RM	Total RM
Cost			
Balance at January 1, 2016	26,330,813	1,752,479	28,083,292
Additions	16,178,825	-	16,178,825
Balance at December 31, 2016	42,509,638	1,752,479	44,262,117
Additions	18,759,379	-	18,759,379
Disposals	(10,300,000)	(1,692,399)	(11,992,399)
Transfer to property, plant and equipment (Note 11)	(6,460,145)	-	(6,460,145)
Transfer to biological assets (Note 12)	-	(60,080)	(60,080)
Balance at December 31, 2017	44,508,872	-	44,508,872
Accumulated Amortisation			
Balance at January 1, 2016	530,763	-	530,763
Charge for the year	490,491	-	490,491
Balance at December 31, 2016	1,021,254	-	1,021,254
Charge for the year	521,248	-	521,248
Transfer to property, plant and equipment (Note 11)	(310,562)	-	(310,562)
Balance at December 31, 2017	1,231,940	-	1,231,940
Accumulated Impairment Loss			
Balance at January 1, 2016 and December 31, 2016	2,195,279	1,692,399	3,887,678
Transfer to property, plant and equipment (Note 11)	(2,195,279)	-	(2,195,279)
Disposals	-	(1,692,399)	(1,692,399)
Balance at December 31, 2017	-	-	-
Net Book Value			
Balance at December 31, 2017	43,276,932	-	43,276,932
Balance at December 31, 2016	39,293,105	60,080	39,353,185



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

Building RM

Company

Cost

Balance at January 1, 2016	15,146,873
Additions	<u>16,750,830</u>
Balance at December 31, 2016	31,897,703
Additions	<u>18,995,379</u>
Balance at December 31, 2017	<u>50,893,082</u>

Accumulated Amortisation

Balance at January 1, 2016	660,815
Charge for the year	<u>760,279</u>
Balance at December 31, 2016	1,421,094
Charge for the year	<u>907,925</u>
Balance at December 31, 2017	<u>2,329,019</u>

Net Book Value

Balance at December 31, 2017	<u>48,564,063</u>
Balance at December 31, 2016	<u>30,476,609</u>

Included in the above are:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Freehold land	25,456,256	22,996,128	25,456,257	12,696,128
Long term leasehold land	4,626,240	8,544,702	3,121,262	3,176,018
Buildings	<u>13,194,436</u>	<u>7,812,355</u>	<u>19,986,544</u>	<u>14,604,463</u>
	<u>43,276,932</u>	<u>39,353,185</u>	<u>48,564,063</u>	<u>30,476,609</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

The following are recognised in profit or loss in respect of investment properties:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental income	<u>1,560,512</u>	<u>337,500</u>	<u>1,552,642</u>	<u>327,170</u>
Direct operating expenses:				
Income generating investment properties	462,711	390,712	417,060	345,171
Non-income generating investment properties	<u>517,980</u>	<u>642,586</u>	<u>432,768</u>	<u>471,084</u>

The investment properties comprise vacant land, agricultural land and shophouses that are leased to third parties.

Certain of the investment properties are leasehold land and buildings with varying lease terms. Judgement is involved in determining whether the said investment properties are to be classified as operating lease or finance lease. Based on the Group's and the Company's evaluation, the said investment properties have met the definition of a finance lease, in accordance with FRS 117 Leases.

Security

Total leasehold land and buildings of the Company with a carrying amount of RM44,465,105 (2016: RM25,988,104) is pledged to a licensed bank for facilities granted to the Company. The properties with a carrying amount of RM9,792,316 (2016: RM10,028,206) are rented to a subsidiary and thus are reclassified to property, plant and equipment at the Group level.

Fair value information

The fair value of investment properties is categorised as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Freehold land and building	44,529,379	35,309,898	44,529,379	23,309,898
Long term leasehold land and building	<u>8,658,863</u>	<u>12,768,518</u>	<u>9,792,316</u>	<u>10,028,206</u>
	<u>53,188,242</u>	<u>48,078,416</u>	<u>54,321,695</u>	<u>33,338,104</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

Level 3 fair value is estimated using unobservable inputs for the investment properties.

The following shows the valuation techniques used in the determination of fair values within Level 3.

Description of Valuation Technique

Sales comparison method: Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

14. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2017	2016
	RM	RM
Unquoted shares, at cost	50,605,371	50,605,271
Add: Addition	-	100
Less: Disposal	<u>(194,924)</u>	<u>-</u>
	50,410,447	50,605,371
Less: Accumulated impairment loss	<u>(16,321,239)</u>	<u>(16,516,163)</u>
	34,089,208	34,089,208
Amounts due from subsidiaries	<u>71,527,290</u>	<u>83,034,942</u>
	<u>105,616,498</u>	<u>117,124,150</u>

The amounts due from subsidiaries were utilised for capital expenditures of the subsidiaries with long gestation period and therefore are considered part of the investment.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

The subsidiary companies which are incorporated and operating in Malaysia are as follows:

Name of Company	Principal Activities	Effective ownership interest and voting interest	
		2017 %	2016 %
Masranti Plantation Sdn. Bhd.	Cultivation of oil palms and operation of a palm oil mill	100	100
Gemilang Bumimas Sdn. Bhd. @	Cultivation of oil palms	-	100
Harn Len Realty (Serian) Sdn. Bhd.	Cultivation of oil palms	100	100
Harn Len Management Sdn. Bhd.	Oil palm estate and plantation management	100	100
Tanaim Sdn. Bhd. @	Transportation services	100	100
Nusantara Daya Sdn. Bhd.	Investment holding	100	100
Premium Dragon Sdn. Bhd.	Investment holding	100	100
Harn Len Realty (Tampoi) Sdn. Bhd.	Property investment	100	100
Zhangxern Corporation Sdn. Bhd.	Property investment	100	100
Golden Majestic Sdn. Bhd.	Dormant	100	100
Han Yin Development Sdn. Bhd.	Dormant	100	100
Harn Len (Balai Ringin) Sdn. Bhd.	Dormant	100	100
Harn Len Development (Jerok) Sdn. Bhd.	Dormant	100	100
Sinar Majestic Sdn. Bhd.	Dormant	100	100
Uniglobal Sdn. Bhd.	Dormant	100	100
Subsidiary held by Masranti Plantation Sdn. Bhd.			
Masranti Sebangkoi Sdn. Bhd. @	Cultivation of oil palms	100	100
Masranti Agro Sdn. Bhd.	Agriculture land and plantation development services	100	100
Subsidiary held by Premium Dragon Sdn. Bhd.			
Harn Len Pelita Bangunan Sdn. Bhd. @	Cultivation of oil palm	60	60

@ The auditor's reports on the financial statements of these subsidiary companies have been modified with an emphasis of matter on the ability of the subsidiary companies to continue as going concerns.

On February 22, 2017, the Company disposed of its 100% interest in a subsidiary, Gemilang Bumimas Sdn. Bhd., for a cash consideration of RM13,600,000. The carrying value of net liabilities disposed to the Group amounted to RM4,848,746 resulting in a gain on disposal of RM18,448,746 as disclosed in Note 29(iv).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

15. GOODWILL ON CONSOLIDATION

	The Group RM
At cost	
Balance at January 1, 2016, December 31, 2016 and December 31, 2017	<u>6,490,491</u>
Accumulated impairment losses	
Balance at January 1, 2016, December 31, 2016 and December 31, 2017	<u>695,692</u>
Carrying amount	
Balance at December 31, 2016 and December 31, 2017	<u><u>5,794,799</u></u>

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The carrying amount of goodwill is allocated as follows:

	2017 RM	2016 RM
Masranti Plantation Sdn. Bhd.	<u>5,794,799</u>	<u>5,794,799</u>

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows generated from the continuing use of these units and was based on the following key assumptions:

- Cash flows were projected based on a 20 years forecast and projections;
- Commodity price was projected based on current market price of RM2,400/MT (2016: RM2,600/MT) and remains constant throughout the projected period;
- A pre-tax discount rate of 18.80% (2016: 18.60%) was applied in determining the recoverable amount of the unit;
- A palm yields ranging from 3 to 20 (2016: 18 to 20) metric tonnes per hectares;
- Administration expenses were projected at an annual increase of 5% (2016: 5%) per annum; and
- Plantation expenditure was projected based on historical trend; and
- Hectarage of the plantation plots was forecasted based on 4,959 (2016: 5,079) hectares throughout the projected period.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

The values assigned to the key assumptions represent management's assessment of current trends in the oil palm plantation in Sarawak and are based on both external and internal sources (historical data). Any subsequent changes in the market conditions or to decisions on the harvesting levels may have a material impact on the assets' values as the future cash flows may differ from these estimates.

16. DEFERRED TAX ASSETS (LIABILITIES)

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At beginning of year	(16,600,646)	(10,829,181)	2,464,000	1,820,900
Transfer to(from) profit or loss (Note 9)	<u>(3,405,313)</u>	<u>(5,771,465)</u>	<u>(3,347,000)</u>	<u>643,100</u>
At end of year	<u><u>(20,005,959)</u></u>	<u><u>(16,600,646)</u></u>	<u><u>(883,000)</u></u>	<u><u>2,464,000</u></u>

Deferred tax balances are presented in the statements of financial position after appropriate offsetting as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets	1,704,041	4,253,354	-	2,464,000
Deferred tax liabilities	<u>(21,710,000)</u>	<u>(20,854,000)</u>	<u>(883,000)</u>	<u>-</u>
	<u><u>(20,005,959)</u></u>	<u><u>(16,600,646)</u></u>	<u><u>(883,000)</u></u>	<u><u>2,464,000</u></u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

The deferred tax assets (liabilities) are in respect of the tax effects of the following:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Provision	314,000	280,000	248,000	231,000
Unabsorbed capital allowances	1,666,000	192,000	1,605,000	192,000
Unutilised tax losses	7,107,041	7,541,354	5,422,000	5,752,000
	9,087,041	8,013,354	7,275,000	6,175,000
Offsetting	(7,383,000)	(3,760,000)	(7,275,000)	(3,711,000)
Deferred tax assets (after offsetting)	<u>1,704,041</u>	<u>4,253,354</u>	<u>-</u>	<u>2,464,000</u>
Deferred tax liabilities (before offsetting)				
Temporary differences arising from:				
Biological assets	9,141,000	4,398,000	4,699,000	-
Property, plant and equipment				
- Capital allowances	15,760,000	15,932,000	3,459,000	3,711,000
- Revaluation	4,192,000	4,284,000	-	-
	29,093,000	24,614,000	8,158,000	3,711,000
Offsetting	(7,383,000)	(3,760,000)	(7,275,000)	(3,711,000)
Deferred tax liabilities (after offsetting)	<u>21,710,000</u>	<u>20,854,000</u>	<u>883,000</u>	<u>-</u>

17. INVENTORIES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Agricultural produce	4,038,992	1,481,317	3,676,112	180,464
Consumables and spares	2,865,132	3,205,588	526,336	716,682
Nursery	2,989,004	2,727,125	86,066	439,104
	<u>9,893,128</u>	<u>7,414,030</u>	<u>4,288,514</u>	<u>1,336,250</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

18. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables	3,586,924	4,970,549	594,200	1,661,751
Less: Allowance for doubtful debts	<u>(26,175)</u>	<u>(24,888)</u>	<u>(26,175)</u>	<u>(24,888)</u>
	<u>3,560,749</u>	<u>4,945,661</u>	<u>568,025</u>	<u>1,636,863</u>
Other receivables	2,043,462	495,456	46,667	280,400
Sales proceeds receivable from the disposal of:				
Investment in a subsidiary	13,600,000	-	13,600,000	-
Investment property	16,516,800	-	-	-
Deposits	277,903	120,951	248,622	91,670
Prepaid expenses	5,866,815	8,275,786	984,917	6,292,193
Prepayment for acquisition of a proposed subsidiary (Note 30)	<u>15,521,516</u>	<u>-</u>	<u>15,521,516</u>	<u>-</u>
	<u>53,826,496</u>	<u>8,892,193</u>	<u>30,401,722</u>	<u>6,664,263</u>

The Group's and the Company's normal trade credit term is 7 days (2016: 7 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Neither past due nor impaired	3,212,606	4,838,871	265,565	1,530,073
1 to 30 days past due but not impaired	202,219	83,027	156,542	83,027
31 to 60 days past due but not impaired	23,098	21,933	23,092	21,933
Past due more than 60 days but not impaired	122,826	1,830	122,826	1,830
	<u>3,560,749</u>	<u>4,945,661</u>	<u>568,025</u>	<u>1,636,863</u>
Impaired	<u>26,175</u>	<u>24,888</u>	<u>26,175</u>	<u>24,888</u>
	<u>3,586,924</u>	<u>4,970,549</u>	<u>594,200</u>	<u>1,661,751</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Based on past experience and no adverse information to date, the directors are of the opinion that no impairment is necessary in respect of these balances as there has not been any significant change in the credit quality and the balances are still fully recoverable.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM348,143 and RM302,460 respectively (2016: RM106,790 and RM106,790 respectively) that are past due at the reporting date but not impaired.

The trade receivables that are past due but not impaired are unsecured in nature. No impairment losses has been recognised as the amounts are recoverable.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Movement in the allowance for impairment is as follows:

	The Group and the Company	
	2017	2016
	RM	RM
At January 1	(24,888)	(43,108)
Charge for the year	(22,681)	(4,580)
Written off	-	1,500
Reversal of impairment losses	21,394	21,300
	<u>21,394</u>	<u>21,300</u>
At December 31	<u>(26,175)</u>	<u>(24,888)</u>

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties or 365 days old and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

Included in prepaid expenses of the Group and of the Company are prepayment for the acquisition of properties as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Industrial properties	-	4,506,423	-	4,506,423
Sarawak land from natives	1,925,175	1,633,710	-	1,633,710

19. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The amounts owing from (to) subsidiary companies arose mainly from advances or payment on behalf, which are unsecured, interest free except for advances from (to) subsidiary companies with amount of RM62,123,462 (2016: RM55,080,383) and RM51,742,234 (2016: RM7,314,447) respectively which bears interest at 3.50% (2016: ranged from 3.50% to 3.75%) per annum and are repayable on demand.

The amounts owing from (to) affiliated companies are in respect of trade transactions, advances or payment on behalf which are unsecured and repayable on demand.

The amount owing from subsidiaries and affiliated companies comprise the following:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Amount owing from subsidiaries	-	-	46,753,414	47,214,515
Less: Impairment loss	-	-	(38,442,000)	(43,452,000)
	-	-	8,311,414	3,762,515
Amount owing from affiliated companies	850,046	845,017	327,164	249,982
Less: Impairment loss	(522,882)	(521,307)	-	-
	327,164	323,710	327,164	249,982



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

During the financial year, significant related party transactions are as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Subsidiaries				
Interest income	-	-	2,105,835	1,907,882
Interest expense	-	-	1,016,451	61,978
Transportation charge	-	-	1,021,658	880,116
Affiliated companies				
Management fee income	60,000	60,000	60,000	60,000
Rental income	39,260	172,749	39,260	135,849
Purchase of air tickets	151,272	150,805	4,640	77,392
Purchase of fresh fruit bunches	1,902,366	1,120,745	-	-
Insurance expense	517,346	421,334	231,300	259,915
Hiring of heavy machinery	46,710	56,997	46,710	56,997
Sales of seedlings	33,880	249,342	-	-
Share of loss arising from estates and plantation management	1,575	521,307	-	-
Remuneration paid to staff who are close family member of certain Directors, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kueck Shin, Low Kwek Lee, Low Kuek Kong, Low Kok Yong and Low Kok Yaow				
	1,194,246	1,331,278	1,082,134	1,222,078

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group whether directly or indirectly. The key management personnel of the Group and of the Company comprise certain members of senior management other than the directors of the Group and of the Company. Details on the compensation of key management personnel (excluding directors of the Group and of the Company) are disclosed as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short-term employee benefits	3,426,547	3,380,432	2,156,467	2,089,652



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

20. CASH AND BANK BALANCES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	4,546,840	3,116,168	1,411,246	1,019,383
Deposits with licensed banks	<u>368,039</u>	<u>358,516</u>	<u>368,039</u>	<u>358,516</u>
	<u><u>4,914,879</u></u>	<u><u>3,474,684</u></u>	<u><u>1,779,285</u></u>	<u><u>1,377,899</u></u>

All the deposits of the Group and of the Company are pledged to licensed banks as security for bank guarantee facilities granted to the Group and the Company.

21. ASSETS CLASSIFIED AS HELD FOR SALE

	The Group Long Term Leasehold Land RM
Balance at January 1, 2016	13,600,000
Transfer from property, plant and equipment (Note 11)	(9,413,689)
Transfer from biological assets (Note 12)	<u>(4,186,311)</u>
Balance at December 31, 2016/ December 31, 2017	<u><u>-</u></u>

On August 27, 2016, a subsidiary, Gemilang Bumimas Sdn. Bhd., entered into a Sales and Purchase Agreement with a third party, to dispose of a plot of long term leasehold land for a consideration of RM13,600,000.

The sale of land was rescinded and a deed of rescission was signed on December 2, 2016 due to fact that the provisional lease could not be transferred to a non-related third party. The long term leasehold land previously classified as assets held for sale has been accordingly reclassified to property, plant and equipment and biological assets respectively.

On January 6, 2017, the Company entered into a Share Sale Agreement with several third party individuals, for the sale of the entire share capital of a subsidiary, Gemilang Bumimas Sdn. Bhd., for a total consideration of RM13,600,000. The disposal was completed on February 22, 2017.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

22. CAPITAL AND RESERVES

Share capital

	The Group and the Company			
	2017		2016	
	No. of Shares	RM	No. of Shares	RM
Authorised:				
Ordinary shares of RM1 each	-	-	500,000,000	500,000,000
Issued and fully paid:				
Ordinary shares				
At beginning of year	185,477,159	185,477,159	185,477,159	185,477,159
Transfer from share premium and capital reserve	-	12,902,854	-	-
At end of year	185,477,159	198,380,013	185,477,159	185,477,159

The Company issued share capital comprises ordinary shares with a par value of RM1 each. The Companies Act, 2016 (Act), which came into operation on January 31, 2017, introduces the “no par value” regime. Accordingly, the concepts of “authorised share capital” and “par value” have been abolished.

In accordance with the transitional provisions of the Act, the amount standing to the credit of the Company’s share premium and capital reserve account has become part of the Company’s share capital. These changes do not have an impact on the numbers of shares in issue or the relation entitlement of any of the shareholders.

Reserves

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Distributable				
Retained earnings	126,819,250	119,648,220	55,465,840	72,735,819
Non-distributable				
At beginning of year				
Share premium	6,634,854	6,634,854	6,634,854	6,634,854
Capital reserve	6,268,000	6,268,000	6,268,000	6,268,000
Transfer to share capital	(12,902,854)	-	(12,902,854)	-
At end of year	-	12,902,854	-	12,902,854
Treasury shares	(9,869,075)	(5,044,265)	(9,869,075)	(5,044,265)
	116,950,175	127,506,809	45,596,765	80,594,408

Treasury shares

At the Annual General Meeting held on July 12, 2017, the shareholders of the Company approved the Company’s plan to repurchase its own shares.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

During the financial year, the Company repurchased from the open market a total of 6,714,200 (2016: 5,539,000) units of its issued ordinary shares. The total amount paid for the acquisition of the shares was RM4,824,810 (2016: RM5,043,321) and has been deducted from the equity. The repurchase transactions were financed by internally generated funds and the average repurchase price was RM0.72 (2016: RM0.91) per ordinary share including transaction costs. The repurchased shares are being held as treasury shares.

As at December 31, 2017, a total of 12,254,200 repurchased shares are being held as treasury shares.

Capital reserve

The capital reserve arose from redemption of Redeemable Convertible Secured Loan Stocks issued in 2005.

Retained earnings

The entire retained earnings of the Company is available for distribution as single tier dividends to the shareholders of the Company.

23. NON-CONTROLLING INTERESTS

Group

The non-controlling interest relates to a subsidiary, Harn Len Pelita Bengunan Sdn. Bhd., as disclosed in Note 14. It is the intention of the said subsidiary to progressively increase its paid-up share capital to RM24,000,000 and the non-controlling shareholder of the said subsidiary, being the joint venture partner of the development, has undertaken to subscribe for 40% of the increased paid-up share capital i.e. RM9,600,000 in accordance with the Joint Venture Agreement dated September 3, 2004 (Note 12).

The Group's subsidiary that has a material non-controlling interest ("NCI") is as follows:

	2017	2016
Harn Len Pelita Bengunan Sdn. Bhd.		
NCI percentage of ownership interest and voting interest	40%	40%
	RM	RM
Carrying amount of NCI	<u>(9,703,554)</u>	<u>(10,307,545)</u>
Profit attributable to NCI	<u>603,991</u>	<u>3,457,444</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

	2017 RM	2016 RM
Summarised financial information before intra-group elimination		
As at December 31		
Non-current assets	81,457,832	75,164,149
Current assets	2,919,864	3,057,636
Non-current liabilities	(134,245)	(35,709)
Current liabilities	<u>(108,720,335)</u>	<u>(104,172,938)</u>
Net liabilities	<u>(24,476,884)</u>	<u>(25,986,862)</u>
As at December 31		
Revenue	33,143,826	24,574,027
Profit for the year	<u>1,509,978</u>	<u>8,335,609</u>
Cash flows from operating activities	9,196,133	2,004,281
Cash flows used in investing activities	(9,165,583)	(1,842,204)
Cash flows used in financing activities	<u>(51,406)</u>	<u>(103,733)</u>
Net increase in cash and cash equivalents	<u>(20,856)</u>	<u>58,344</u>

24. RETIREMENT BENEFITS

	The Group and the Company	
	2017 RM	2016 RM
Balance at January 1, 2017	848,000	760,000
Charge for the year	<u>49,000</u>	<u>88,000</u>
Balance at December 31, 2017	<u>897,000</u>	<u>848,000</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

25. LOANS AND BORROWINGS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Secured:				
Term loans	51,279,246	42,163,814	28,742,921	19,074,411
Bank overdrafts	19,041,924	17,242,784	-	-
Finance lease payables	65,606,301	66,993,583	565,612	1,115,631
	135,927,471	126,400,181	29,308,533	20,190,042
Unsecured:				
Term loans	5,128,261	5,146,350	-	-
Bank overdrafts	26,120,305	23,849,650	14,214,906	14,981,324
	31,248,566	28,996,000	14,214,906	14,981,324
	167,176,037	155,396,181	43,523,439	35,171,366
Less: Interest-in-suspense				
Finance lease payables	(43,526,681)	(42,506,103)	(19,759)	(57,775)
Principal outstanding (Note 28)	123,649,356	112,890,078	43,503,680	35,113,591
Less: Amount due within 12 months (shown under current liabilities)				
Term loans	(5,814,076)	(1,531,070)	(1,366,775)	(698,010)
Bank overdrafts	(45,162,229)	(41,092,434)	(14,214,906)	(14,981,324)
Finance lease payables	(2,923,644)	(3,599,376)	(368,624)	(510,982)
	(53,899,949)	(46,222,880)	(15,950,305)	(16,190,316)
Non-current portion	69,749,407	66,667,198	27,553,375	18,923,275



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

The non-current portion of loans and borrowings are repayable as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Term loans				
Later than one year but not later than two years	13,205,595	11,026,037	3,036,580	1,496,719
Later than two years but not later than five years	18,207,368	17,283,215	5,159,098	2,513,147
More than five years	19,180,468	17,469,842	19,180,468	14,366,535
	50,593,431	45,779,094	27,376,146	18,376,401
Finance lease payables				
Later than one year but not later than two years	1,206,812	3,447,299	177,229	546,874
Later than two years but not later than five years	248,195	425,807	-	-
More than five years	17,700,969	17,014,998	-	-
	19,155,976	20,888,104	177,229	546,874
	<u>69,749,407</u>	<u>66,667,198</u>	<u>27,553,375</u>	<u>18,923,275</u>

Certain term loans and bank overdrafts of the Group and of the Company are secured by way of legal charges over certain property, plant and equipment and investment properties of the Company as disclosed in Note 11 and 13. The term loans of the Group and of the Company are repayable over a period ranging from 1 to 20 years commencing 1 month after the date of initial disbursement of the facility.

The interest rates for term loans of the Group and of the Company range from 4.65% to 8.75% (2016: 4.65% to 8.25%) and 4.65% to 8.75% (2016: 4.65% to 8.25%) per annum respectively.

The interest charged on the Group's and the Company's utilisation of bank overdrafts facilities is based on the respective interest rates for bank overdrafts ranging from 6.25% to 8.24% (2016: 6.6% to 7.92%) and 6.85% (2016: 7.1%) per annum respectively.

The term for finance lease arrangements ranging from 1 to 60 years (2016: 1 to 60 years). For the financial year ended December 31, 2017, the interest rates ranged from 2.29% to 6.00% (2016: 2.29% to 6.00%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's and the Company's finance lease payables are secured by corporate guarantee of the Company.

During the financial year, the Group and the Company have classified bank overdrafts of RM45,162,229 and RM14,214,906 (2016: RM41,092,434 and RM14,981,324) respectively as financing activities as the said facilities do not form an integral part of cash management and are not mainly used in the main revenue producing activities of the Group and of the Company.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

26. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables are non interest bearing and the normal trade credit term granted to the Group and the Company range from 60 to 90 days (2016: 60 to 90 days).

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	18,960,466	20,054,867	4,462,610	5,911,025
Accrued expenses	5,477,285	4,633,306	967,919	394,604
	<u>24,437,751</u>	<u>24,688,173</u>	<u>5,430,529</u>	<u>6,305,629</u>

27. CAPITAL COMMITMENTS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Contracted but not provided for	32,734,646	221,000	20,418,400	-
Authorised but not contracted for	37,659,022	36,336,540	5,100,000	12,018,640
	<u>70,393,668</u>	<u>36,557,540</u>	<u>25,518,400</u>	<u>12,018,640</u>

28. FINANCIAL INSTRUMENTS

Capital Management

The Group manages its capital to ensure that entities in the Group and in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's and the Company's strategy remains unchanged from 2016.

The capital structure of the Group consists of net assets and equity of the Group, comprising issued capital and retained earnings as presented in the statement of changes in equity.

The Group's management reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the Group's management considers the cost of capital and the risk associated with each class of capital and make adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk of characteristic of the underlying assets.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

The Group monitors capital using debt-to-equity and gearing ratios. The debt-to-equity and gearing ratios at the end of the reporting period were as follows:

	The Group	
	2017 RM	2016 RM
Total liabilities	<u>244,965,196</u>	<u>194,437,697</u>
Total equity	<u>305,626,634</u>	<u>302,676,423</u>
Debt-to-equity-ratios	<u>0.80</u>	<u>0.64</u>
Total loans and borrowings (Note 25)	<u>123,649,356</u>	<u>112,890,078</u>
Total equity	<u>305,626,634</u>	<u>302,676,423</u>
Gearing ratio	<u>0.40</u>	<u>0.37</u>

The Group is required to maintain debt-to-equity ratio not more than 2.00 and gearing ratio less than 1.00 to comply with the bank covenants of its bank borrowings, failing which, the bank may notify an event of default.

Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial assets				
Trade receivables	3,560,749	4,945,661	568,025	1,636,863
Other receivables and deposits	32,438,165	616,407	13,895,289	372,070
Amount owing from subsidiaries	-	-	8,311,414	3,762,515
Amount owing from affiliated companies	327,164	323,710	327,164	249,982
Cash and bank balances	<u>4,914,879</u>	<u>3,474,684</u>	<u>1,779,285</u>	<u>1,377,899</u>
	<u>41,240,957</u>	<u>9,360,462</u>	<u>24,881,177</u>	<u>7,399,329</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial liabilities				
Trade payables	73,922,580	34,999,255	16,304,769	14,303,401
Other payables and accrued expenses	24,437,751	24,688,173	5,430,529	6,305,629
Amount owing to subsidiaries	-	-	46,740,321	1,077,700
Amount owing to affiliated companies	345,609	157,554	79,429	32,719
Loans and borrowings	<u>123,649,356</u>	<u>112,890,078</u>	<u>43,503,680</u>	<u>35,113,591</u>
	<u>222,355,296</u>	<u>172,735,060</u>	<u>112,058,728</u>	<u>56,833,040</u>

Financial Risk Management

The Group has exposure to liquidity risk, credit risk and interest rate risk from its use of financial instruments.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligation due to shortage of funds. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's and the Company's operations and investment activities. In additions, the Group and the Company strive to maintain available banking facilities at a reasonable level against its overall debt position.

As at December 31, 2017, the Group's and the Company's current liabilities exceeded its current assets by RM79,103,351 and RM38,785,107 (2016: RM80,105,707 and RM22,837,871) respectively. The table below sets out details of additional undrawn banking facilities that the Group has at its disposal to further reduce its liquidity risk. The Company has fully utilised its banking facilities as at the reporting date.

	The Group	
	2017 RM	2016 RM
Unsecured bank overdraft facility reviewed annually and payable at call:		
- amount used	26,120,000	23,870,000
- amount unused	<u>3,880,000</u>	<u>3,130,000</u>
	<u>30,000,000</u>	<u>27,000,000</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

	The Group	
	2017	2016
	RM	RM
Unsecured term loan facility reviewed annually and payable at call:		
- amount used	5,128,000	5,130,000
- amount unused	<u>2,872,000</u>	<u>2,870,000</u>
	<u>8,000,000</u>	<u>8,000,000</u>
Secured bank overdraft facility		
- amount used	19,042,000	17,240,000
- amount unused	<u>758,000</u>	<u>2,560,000</u>
	<u>19,800,000</u>	<u>19,800,000</u>
Secured term loan facility		
- amount used	51,280,000	43,320,000
- amount unused	<u>21,750,000</u>	<u>11,910,000</u>
	<u>73,030,000</u>	<u>55,230,000</u>

The following table details the Group's and the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows to the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group and the Company may be required to pay.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

The table below summarises the undiscounted contractual cash outflows of the Group's and of the Company's financial liabilities as at the end of the reporting period:

	Carrying amount RM	Contractual interest rate RM	Contractual cash flows RM	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
The Group							
2017							
Non-derivative financial liabilities							
Term loans	56,407,507	4.65-8.75	72,366,248	8,660,851	17,810,520	22,100,063	23,794,814
Finance lease payables	22,079,620	2.29-6.00	65,606,301	4,141,543	2,402,921	3,499,846	55,561,991
Bank overdrafts	45,162,229	6.25-8.34	48,456,814	48,456,814	-	-	-
Trade payables	73,922,580	-	73,922,580	73,922,580	-	-	-
Other payables and accrued expenses	24,437,751	-	24,437,751	24,437,751	-	-	-
Amount owing to affiliated companies	345,609	-	345,609	345,609	-	-	-
	<u>222,355,296</u>		<u>285,135,303</u>	<u>159,965,148</u>	<u>20,213,441</u>	<u>25,599,909</u>	<u>79,356,805</u>
The Company							
2017							
Non-derivative financial liabilities							
Term loans	28,742,921	4.65-8.75	40,373,446	2,726,672	5,540,784	8,311,176	23,794,814
Finance lease payables	545,853	2.29-6.00	565,612	385,746	179,866	-	-
Bank overdrafts	14,214,906	6.25-8.34	15,224,164	15,224,164	-	-	-
Trade payables	16,304,769	-	16,304,769	16,304,769	-	-	-
Other payables and accrued expenses	5,430,529	-	5,430,529	5,430,529	-	-	-
Amount owing to subsidiaries	46,740,321	3.50	46,740,321	46,740,321	-	-	-
Amount owing to affiliated companies	79,429	-	79,429	79,429	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

	Carrying amount RM	Contractual interest rate RM	Contractual cash flows RM	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
The Group							
2016							
Non-derivative financial liabilities							
Term loans	47,310,164	4.65 - 8.25	62,019,334	3,928,921	13,600,884	21,064,104	23,425,425
Finance lease payables	24,487,480	2.29 - 6.00	66,993,583	4,995,230	4,656,424	3,519,399	53,822,530
Bank overdrafts	41,092,434	6.60 - 7.92	44,075,745	44,075,745	-	-	-
Trade payables	34,999,255	-	34,999,255	34,999,255	-	-	-
Other payables and accrued expenses	24,688,173	-	24,688,173	24,688,173	-	-	-
Amount owing to affiliated companies	157,554	-	157,554	157,554	-	-	-
	<u>172,735,060</u>		<u>232,933,644</u>	<u>112,844,878</u>	<u>18,257,308</u>	<u>24,583,503</u>	<u>77,247,955</u>
The Company							
2016							
Non-derivative financial liabilities							
Term loans	19,074,411	4.65	27,979,169	1,544,244	1,544,244	4,632,732	20,257,949
Finance lease payables	1,057,856	2.29 - 4.90	1,115,631	550,049	565,582	-	-
Bank overdrafts	14,981,324	7.10	16,044,998	16,044,998	-	-	-
Trade payables	14,303,401	-	14,303,401	14,303,401	-	-	-
Other payables and accrued expenses	6,305,629	-	6,305,629	6,305,629	-	-	-
Amount owing to subsidiaries	1,077,700	3.50 - 3.75	1,077,700	1,077,700	-	-	-
Amount owing to affiliated companies	32,719	-	32,719	32,719	-	-	-
	<u>56,833,040</u>		<u>66,859,247</u>	<u>39,858,740</u>	<u>2,109,826</u>	<u>4,632,732</u>	<u>20,257,949</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk also arises from financial guarantees given to financial institutions on subsidiaries' banking facilities.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have significant concentrations of credit risk arising from amounts owing from two customers (2016: two customers) and one customer (2016: one customer), which represent 88% (2016: 81%) and 25% (2016: 41%) of the total receivables of the Group and of the Company respectively. Trade receivables are monitored on an ongoing basis. The average credit term granted to the Group's and the Company's customers are 7 days.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to financial institutions in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM62,444,707 (2016: RM56,798,493) representing the outstanding banking facilities of the subsidiaries which are secured by the Company's corporate guarantee as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

Interest rate risk

The interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's is exposed to interest rate risk because entities in the Group borrow funds at both fixed and variable interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fixed rate instruments				
Amount owing from subsidiaries	-	-	79,838,704	86,797,457
Deposits with licensed banks	368,039	358,516	368,039	358,516
Finance lease payables	(22,079,620)	(24,487,480)	(545,853)	(1,057,856)
Amount owing to subsidiaries	-	-	(46,740,321)	(1,077,700)
	<u>(21,711,581)</u>	<u>(24,128,964)</u>	<u>32,920,569</u>	<u>85,020,417</u>

The Group and the Company do not account for any significant fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not materially affect profit or loss.

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Floating rate instruments				
Bank overdrafts	45,162,229	41,092,434	14,214,906	14,981,324
Term loans	<u>56,407,507</u>	<u>47,310,164</u>	<u>28,742,921</u>	<u>19,074,411</u>
	<u>101,569,736</u>	<u>88,402,598</u>	<u>42,957,827</u>	<u>34,055,735</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 100 basis point increase or decrease is used when reporting interest risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's and the Company's profit after tax for the year would decrease or increase as follows:

	Change in profit or loss after tax			
	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments	<u>1,174</u>	<u>803</u>	<u>588</u>	<u>309</u>

Fair Values of Financial Instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

29. STATEMENTS OF CASH FLOWS

(i) Cash and cash equivalents consist of the following:

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash and bank balances	4,914,879	3,474,684	1,779,285	1,377,899
Less: Deposits with licensed banks	<u>(368,039)</u>	<u>(358,516)</u>	<u>(368,039)</u>	<u>(358,516)</u>
	<u>4,546,840</u>	<u>3,116,168</u>	<u>1,411,246</u>	<u>1,019,383</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

- (ii) During the financial year, property, plant and equipment of the Group and of the Company were acquired by the following means:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash payments	11,125,371	8,160,772	718,305	607,950
Outstanding in finance lease payables	584,800	1,156,630	-	-
Outstanding in other payables and accrued expenses	-	219,400	-	-
	<u>11,710,171</u>	<u>9,536,802</u>	<u>718,305</u>	<u>607,950</u>

The portion acquired under finance lease payables also represent the non-cash changes for disclosure of reconciliation of liabilities arising from financing activities as required by FRS 107.

- (iii) During the financial year, biological assets of the Group and of the Company were acquired by the following means:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Plantation development expenditure	23,315,556	25,357,316	3,639,924	3,084,143
Non-cash items:				
Depreciation of property, plant and equipment	(333,852)	(307,852)	-	-
Finance costs	(862,336)	(859,944)	-	-
	<u>22,119,368</u>	<u>24,189,520</u>	<u>3,639,924</u>	<u>3,084,143</u>

- (iv) During the year, the Company disposed a subsidiary as disclosed in Note 14 with the following effects:

	Unaudited At date of disposal	
	2017 RM	2016 RM
Property, plant and equipment	9,494,005	-
Biological assets	4,172,586	-
Cash and bank balances	1	-
Other payables	(18,515,338)	-
Net liabilities disposal	(4,848,746)	-
Gain on disposal	18,448,746	-
Total sales proceeds	13,600,000	-
Cash and cash equivalents of subsidiary disposed	(1)	-
Outstanding in other receivables	<u>13,599,999</u>	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Cont'd)

(v) Non-cash transaction

The Group and the Company have sales proceeds from disposal of investment property arising from compulsory land acquisition and investment in subsidiary company amounting to RM16,516,800 and RM13,600,000 were outstanding in other receivables.

30. SIGNIFICANT EVENT

On May 29, 2017, the Company had entered into a Share Sale Agreement (“SSA”) with three third parties to acquire the entire issued and paid up share capital comprising 5,000,000 ordinary shares of a company (“target company”) for a total purchase consideration of RM28,000,000. Upon completion of the proposed acquisition, the target company will be consolidated as a wholly-owned subsidiary of Harn Len Corporation Bhd. As at the date of this report, the acquisition has not been completed.

31. SUBSEQUENT EVENT

On March 27, 2018, the Company entered into Management Agreements with five plantation companies to develop and manage their biological assets. The Proposed Arrangement involves the appointment of Harn Len Corporation Bhd. (“Harn Len”) as the exclusive contractor to develop and manage the biological assets (“Exclusive Appointment”). In consideration of the Exclusive Appointment, Harn Len shall assume a total estimated cost of approximately RM46,000,000 in return for a share of the Fresh Fruit Bunches (“FFB”) production for a period of 25 years upon expiry of the Initial Term, the Management Agreements shall automatically continue for a further period of 25 years, subject to such revised terms and conditions as may be necessary for the continuance of the Management Agreements.

As consideration for the Exclusive Appointment, Harn Len agrees to bear 42% of the total cost incurred equivalent to RM19,000,000 of which RM3,000,000 and RM11,000,000 shall be paid upon execution of Management Agreements and the effective date to begin development and management of the biological assets respectively. The remaining RM5,000,000 shall be paid upon first anniversary of the effective date. Harn Len shall be entitled to 42% of the net plantation profit until the estimated cost of RM46,000,000 is covered. Thereafter, Harn Len shall be entitled to 90% of the sales proceeds from the sale of FFB until the expiry of the Management Agreements.



STATEMENT BY DIRECTORS

The directors of **HARN LEN CORPORATION BHD.** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2017 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

LOW QUEK KIONG

LOW KUECK SHIN

Johor Bahru
23 April 2018

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **LOW QUEK KIONG**, the director primarily responsible for the financial management of **HARN LEN CORPORATION BHD.**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

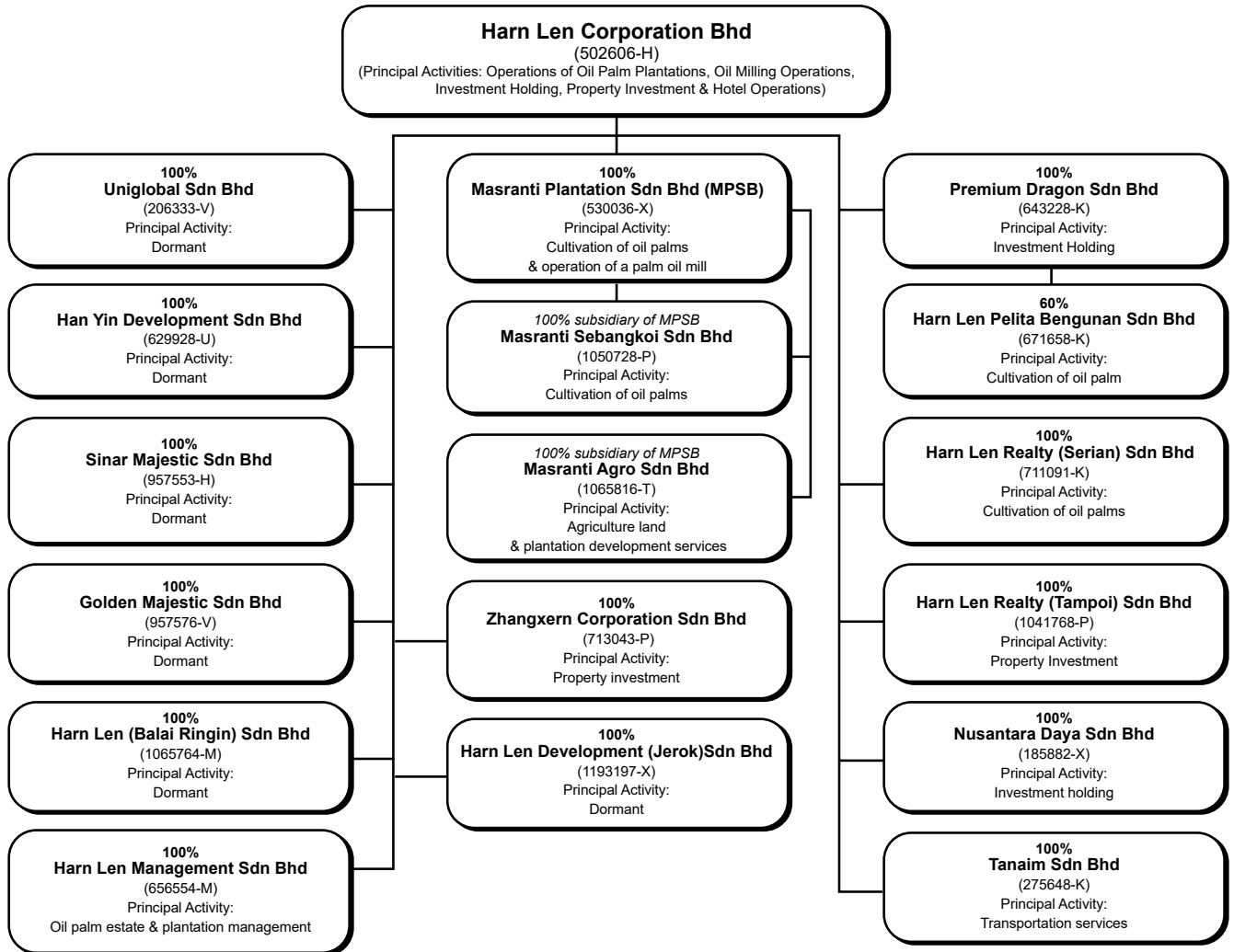
LOW QUEK KIONG

Subscribed and solemnly declared by the abovenamed **LOW QUEK KIONG** at **JOHOR BAHRU** in the State of **JOHOR** on 23 April 2018.

Before me,
VASANTHI A/P VADIVELOO
Commissioner For Oaths
J258



GROUP CORPORATE STRUCTURE AS AT 31 DECEMBER 2017



LOCATION OF OPERATIONS

Harn Len Corporation Bhd
 • Senang Estate (2,116Ha)
 • Lian Hup Estate (2,124 Ha)
 • Lian Hup Oil Mill
 All in Mukim Keratong
 District of Rompin

Harn Len Corporation Bhd
 • Corporate & Business Office
 25-Storey Office Cum Hotel
 Building (Topical Inn)
 Jalan Gereja, Johor Bahru
 • Six (6) Units Of Double-Storey
 Terrace Shophouses
 Jalan Ngee Heng, Johor Bahru
 • Three (3) Units Of Factory Building
 Cum Offices
 No.5 Jalan Firma 2/3,
 Kawasan Perindustrian Tebrau 1
 Johor Bahru
 • Three (3) Units of Factory Building
 Cum Offices:-
 - No.20 Jalan Masyhur 1
 - No.22 Jalan Masyhur 1
 - No.24 Jalan Masyhur 1

All in Taman Perindustrian Cemerlang
 81800 Ulu Tiram, Johor

Harn Len Realty (Tampoi) Sdn Bhd
 Lot 6033
 Daerah Johor Bahru
 Mukim Bandar, Johor Bahru



Harn Len Corporation Bhd
 Wisma Harn Len
 7-Storey Office Cum Residential Building
 Lot 1634, Section 64, KTLD
 Jalan Mendu, Kuching

Harn Len Realty (Serian) Sdn Bhd
 Plantation Land (298 Ha)
 Bukar-Sadong Land,
 Samarahan Division

Zhangxern Corporation Sdn Bhd
 Vacant (199 Ha)
 Bukar-Sadong Land,
 Samarahan Division

Masranti Plantation Sdn Bhd
 • Oil Palm Estate (5,184 Ha)
 • Masranti Oil Mill
 Punda-Sabal Land,
 Samarahan Division

Masranti Sebangkoi Sdn Bhd
 Oil Palm Estate (1,670 Ha)
 Kampung Sebangkoi &
 Kampung Mawang
 Simunjan Division

Harn Len Pelita Benganan Sdn Bhd
 Oil Palm Estate (6,349 Ha)
 Bukit Benganan, Sri Aman Division



LIST OF PROPERTIES OF THE GROUP

	Registered owner/ Location	Tenure – Year of Expiry (For leasehold)	Area	Description/ Existing Use	Net Book Value RM `000	Approximate Age of Building (years)	Date of Acquisition
1.	Harn Len Corporation Bhd						
i)	Lot 1782, Geran 27393 Township & District of Johor Bahru, Johor Darul Takzim	Freehold	40,293 sq. ft.	Office & hotel building	53,670	40	18.07.2003
ii)	Lian Hup Estate - Lot PT 166, 259 - Lot PT 313 - Lot PT 345 - Lot PT 510, 521, 522 All in Mukim of Keratong District of Rompin Pahang Darul Makmur	Leasehold 2070 2072 2074 2079	2,124.46 Hectares ("Ha")	Oil Palm Plantation & Palm oil Mill	35,059	N/A	18.07.2003
	Estate Buildings Factory Workshop				811 388	2-50 1-41	
iii)	Senang Estate - Lot PT 163, 164, 165, 255 - Lot PT 314 - Lot PT 448, 449, 450, 451 - Lot PT 515 All in Mukim of Keratong District of Rompin Pahang Darul Makmur	Leasehold 2070 2072 2078 2079	2,116.31 Ha	Oil Palm Plantation	36,606	N/A	18.07.2003
	Estate Buildings				2,139	1-41	
iv)	Six (6) units Double-Storey Terrace Shophouses held under - Lot 2046 Grn 2250	Freehold	1,707 sq. ft.	Rented Out/ Staff Quarters	3,742	82	15.10.2010
	- Lot 2048 Grn 99923	Freehold	1,617 sq. ft.	Rented Out		82	
	- Lot 2049 Grn 99924	Freehold	1,613 sq. ft.	Rented Out		82	
	- Lot 2050 Grn 51476	Freehold	1,655 sq. ft.	Rented Out		82	
	- Lot 2051 Grn 99925	Freehold	1,706 sq. ft.	Rented Out		82	
	- Lot 2047 Grn 99922 All in Bandar Johor Bahru District of Johor Bahru Johor Darul Takzim	Freehold	1,634 sq. ft.	Rented out/ Staff Quarters	639	82	13.04.2011
v)	Three (3) units Factory Buildings Lot PTD 52695 H.S.(D) 223695 No. 5 Jalan Firma 2/3 Kawasan Perindustri Tebrau 1 Johor Bahru, Johor Darul Takzim	Freehold	130,835 sq.ft	Factory cum Office Rented Out	15,748	21	17.04.2016
vi)	Seven (7) Storey Office cum Residential Building (Wisma Harn Len) Lot 11255 Section 64 KTLD Jalan Mendu Kuching, Sarawak	Leasehold 2112	25,911 sq.ft	Office cum Staff Accommodation	9,792	2-4	20.01.2015
vii)	Three (3) units of factory building held under: - HS (D) 238650 PTD 115794 No 20, Jalan Masyhur 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram Johor Darul Takzim	Freehold	3,641.7992 sq meters	Rented out	18,643	23-24	12.07.2016
	- HS (D) 238651 PTD 115795 No 22, Jalan Masyhur 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram Johor Darul Takzim	Freehold	3,641.7992 sq meters	Rented out			
	- GN 49112 Lot 56753 No 24, Jalan Masyhur 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram Johor Darul Takzim	Freehold	3,642.0000 sq meters	Rented out			



LIST OF PROPERTIES OF THE GROUP (Cont'd)

	Registered owner/ Location	Tenure – Year of Expiry (For leasehold)	Area	Description/ Existing Use	Net Book Value RM `000	Approximate Age of Building (years)	Date of Acquisition
2.	Masranti Plantation Sdn Bhd						
i)	Lot No 27, Block 2 TRN.: 08-LCLS-024-002-00027 Punda-Sabal Land	Leasehold 2061	13.048 Ha	Oil Palm Plantation	56	N/A	15.01.2004
ii)	District of Samarahan Division, Sarawak Lot No 28, Block 2 TRN.: 08-LCLS-024-002-00028 Punda-Sabal Land	Leasehold 2061	4,456.4 Ha	Oil Palm Plantation	19,059	N/A	15.01.2004
iii)	District of Samarahan Division Sarawak Lot No 38, Block 8 TRN.: 08-LCPLS-024-008-00038 Punda-Sabal Land	Leasehold 2071	525 Ha	Oil Palm Plantation	3,806	N/A	08.09.2011
	District of Samarahan Division Sarawak				6,167	1-14	
	Estate Buildings Factory Buildings				17,734	1-7	
3.	Masranti Sebangkoi Sdn Bhd						
	Kampung Sebangkoi & Kampung Mawang situated at Simunjan Division of Sarawak Estate Buildings	NCR Native Land 60 Years	1,670.52 Ha	Oil palm Plantation	17,136	N/A	27.9.13 to 23.7.14
4.	Harn Len Pelita Bengunan Sdn Bhd						
	Kara Rangua Engkaramut Bukit Bengunan, Sri Aman Division Sarawak	NCR Native Land 60 Years	1,982 Ha	Oil palm Plantation	2,183	N/A	23.08.2010
	Estate Buildings				2,796	1-12	
5.	Harn Len Realty (Serian) Sdn Bhd						
	Lot No 1515 TRN.: 08-LCPLS-018-000-01515 All in Bukar-Sadong Land District of Samarahan Division Sarawak	Provisional Lease 21.01.2068	298 Ha	Oil palm Plantation	6,250	N/A	18.08.2011
6.	Harn Len Realty (Tampoi) Sdn Bhd						
	Lot No 6033 H.S.(D) 221662 Daerah Johor Bahru Mukim Bandar, Johor Bahru Johor Darul Takzim	Lease 26.2.2074	0.8073 Ha	Depot for vehicles	2,191	N/A	04.01.2015
7.	Zhangxern Corporation Sdn Bhd						
	Lot No 1514 TRN.: 08-LCPLS-018-000-01514 Bukar-Sadong Land District of Samarahan Division, Sarawak	Provisional Lease 21.01.2068	199 Ha	Vacant	2,315		17.11.2016
				Total	256,930		

N/A – Not Applicable

NCR – Native Customary Rights



ANALYSIS OF SHAREHOLDINGS AS AT 30 MARCH 2018

ISSUED AND PAID-UP SHARE CAPITAL	:	RM185,477,159 DIVIDED INTO 185,477,159 ORDINARY SHARES
NO. OF TREASURY SHARES HELD BY THE COMPANY	:	12,257,300
CLASS OF SHARES	:	ORDINARY SHARES
NO OF SHAREHOLDERS	:	2,599
VOTING RIGHTS	:	ONE VOTE PER ORDINARY SHARE

A) LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct		Deemed interest in shares	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Low Nam Hui (<i>Deceased</i>)	5,384,333	3.11	114,395,275* ¹	66.04
2.	Puan Sri Datin Chan Pui Leorn	550,000	0.32	119,229,608* ²	68.83
3.	Dato Liew Kuek Hin	-	-	114,507,245* ³	66.10
4.	Low Quek Kiong	75,000	0.04	119,704,608* ⁴	69.10
5.	Low Kueck Shin	-	-	119,779,608* ⁵	69.15
6.	Low Kwek Lee	-	-	119,779,608* ⁵	69.15
7.	Low Kuek Kong	-	-	119,779,608* ⁵	69.15
8.	Low Kuit Son	-	-	119,779,608* ⁵	69.15
9.	Low Kok Yong	720,000	0.42	119,059,608* ⁶	68.73
10.	Low Kok Yaow	-	-	119,779,608* ⁵	69.15
11.	Low Siew Eng	200,800	0.12	119,578,808* ⁷	69.03
12.	LNH Enterprise Sdn Bhd	49,107,896	28.35	8,000,030* ⁸	4.62
13.	Low Nam Hui United Holdings Sdn Bhd	40,205,679	23.21	-	-
14.	Shande Ancestral Park Berhad	10,500,000	6.06	-	-

Notes:-

- *1. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 8 of the Companies Act, 2016.
- *2. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by her immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 8 of the Companies Act, 2016.
- *3. Deemed interested in the shares held by Lian Hup Manufacturing Company Sdn Berhad, Syarikat Senang Oil Palm Estate Sdn Bhd, Perdana Properties Berhad, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd and Seri Cemerlang Plantation (Pahang) Sdn Bhd and the shares held by his siblings, Low Quek Kiong and Low Kok Yong pursuant to Section 8 of the Act. The legal action vide Johor Bahru High Court Suit No. 23NCVC-8-01-2013 instituted by Dato' Liew has been settled on 23 July 2013. The settlement has affected Dato' Liew's indirect shareholdings but no notification has been received from Dato' Liew to the effect.



ANALYSIS OF SHAREHOLDINGS AS AT 30 MARCH 2018 (Cont'd)

- *4. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Kok Yong and Low Siew Eng pursuant to Section 8 of the Companies Act, 2016.
- *5. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 8 of the Companies Act, 2016.
- *6. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong and Low Siew Eng pursuant to Section 8 of the Companies Act, 2016.
- *7. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by her immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong and Low Kok Yong pursuant to Section 8 of the Companies Act, 2016.
- *8. Deemed interested in the shares held by Seri Cemerlang Plantation (Pahang) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

B) LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name of Shareholders	Direct		Deemed interest in shares	
		No. of Shares	%	No. of Shares	%
1.	Puan Sri Datin Chan Pui Leorn	550,000	0.32	119,229,608*2	68.83
2.	Low Quek Kiong	75,000	0.04	119,704,608*4	69.10
3.	Low Kueck Shin	-	-	119,779,608*5	69.15
4.	Low Kwek Lee	-	-	119,779,608*5	69.15
5.	Low Kuek Kong	-	-	119,779,608*5	-
6.	Lee Chon Sing	1	0.00	-	-
7.	Low Kok Yong	720,000	0.42	119,059,608*6	68.73
8.	Low Kok Yaow	-	-	119,779,608*5	69.15
9.	Loh Wann Yuan	1	0.00	-	-
10.	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
11.	Law Piang Woon	-	-	-	-
12.	Mohamed Akwal Bin Sultan Mohamad	-	-	-	-



ANALYSIS OF SHAREHOLDINGS AS AT 30 MARCH 2018 (Cont'd)

Notes:-

- *1. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by her immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 8 of the Companies Act, 2016.
- *2. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Kok Yong and Low Siew Eng pursuant to Section 8 of the Companies Act, 2016.
- *3. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 8 of the Companies Act, 2016.
- *4. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the late Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong and Low Siew Eng pursuant to Section 8 of the Companies Act, 2016.

C) DISTRIBUTION OF SHAREHOLDINGS

	No. of Holders	Holdings	Total Holdings	Percentage (%)
	47	Less than 100	1,295	0.000
	966	100 to 1,000	262,502	0.151
	1,055	1,001 to 10,000	5,396,148	3.115
	455	10,001 to 100,000	15,245,190	8.800
	72	100,001 to less than 5% of issued shares	52,503,249	30.309
	4	5% and above of issued shares	99,813,575	57.621
Total:	<u>2,599</u>		<u>173,221,959</u>	<u>100.00</u>

D) TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

NO.	NAME	NO. OF SHARES HELD (%)	PERCENTAGE (%)
1.	LOW NAM HUI UNITED HOLDINGS SDN. BHD.	40,205,679	23.21
2.	LNH ENTERPRISE SDN. BHD.	36,413,896	21.02
3.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR LNH ENTERPRISE SDN. BHD.	12,694,000	7.33
4.	SHANDE ANCESTRAL PARK BERHAD	10,500,000	6.06
5.	SERI CEMERLANG PLANTATION (PAHANG) SDN. BHD.	8,000,030	4.62



ANALYSIS OF SHAREHOLDINGS AS AT 30 MARCH 2018 (Cont'd)

D) TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS (Cont'd)

NO.	NAME	NO. OF SHARES HELD (%)	PERCENTAGE (%)
6.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TTT REALTY SDN. BHD.	7,000,000	4.04
7.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED	5,670,000	3.27
8.	LOW NAM HUI	5,384,333	3.11
9.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR YONG YAOW PROPERTIES SDN BHD (SMART)	5,034,800	2.91
10.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR LEE KENG HONG (PB)	5,000,000	2.89
11.	TOH EAN HAI	2,000,000	1.15
12.	GAN SIOW YONG	785,600	0.45
13.	MAH FOONG HONG	644,700	0.37
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAN PUI LEORN (7000640)	550,000	0.32
15.	GAN HOONG LIANG	548,100	0.32
16.	HSBC NOMINEES (ASING) SDN. BHD. BPSS SIN FOR INCLUSIF VALUE FUND	510,600	0.29
17.	CHIN HON PUN	473,200	0.27
18.	TAN AIK SENG	400,000	0.23
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KOK YONG (E-TJJ)	390,000	0.23
20.	TEO KWEE HOCK	338,700	0.20
21.	LOW KOK YONG	330,000	0.19
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHING SOONG (470478)	328,100	0.19
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG FAAI @ NG YOKE PEI (SRB/PMS)	315,000	0.18
24.	WAN SOO MOY @ WAN YOKE LIN	315,000	0.18
25.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LU LIP LAI (731389)	314,800	0.18
26.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHING SOONG	269,000	0.16
27.	EU LEE CHUAN ENTERPRISE SDN BERHAD	250,000	0.14
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KENG CHIN ENG (E-SGM)	240,100	0.14
29.	NG CHAI YONG	239,500	0.14
30.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHING SOONG (SMT)	235,000	0.14

I/We _____ NRICNo. _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a member/members of HARN LEN CORPORATION BHD (Co. No. 502606-H) do hereby appoint _____ NRICNo. _____
(Full Name in Capital Letters)

of _____ *and/or failing him /her
(Full Address)

_____ NRICNo. _____
(Full Name in Capital Letters)

of _____ as *my/our proxy to
(Full Address)

attend and vote for *me/us on *my/our behalf at the Eighteenth (18th) Annual General Meeting of the Company to be held on Wednesday, 27 June 2018 at 10.00 am at Meranti Hall, 4th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru and at any adjournment thereof. *My/our proxy is to vote as indicated below:-

Resolution No.		FOR	AGAINST
Ordinary Business:-			
1.	To approve the payment of Directors' fees of RM200,000 for the financial year ended 31 December 2017		
2.	To approve the payment of Directors' Benefits payable to the Directors of the Company up to RM280,000 for the period 1 January, 2018 to 30 June, 2019		
3.	To re-elect Mr Low Quek Kiong as Director		
4.	To re-elect Mr Low Kueck Shin as Director		
5.	To re-elect Mr Low Kwek Lee as Director		
6.	To re-elect Mr Low Kok Yaow as Director		
7.	To re-appoint Messrs Deloitte PLT as Auditors and to authorize the Directors to fix their remuneration		
Special Business:-			
8.	Continuing in office as Independent Non-Executive Director - Mr Loh Wann Yuan		
9.	Continuing in office as Independent Non-Executive Director - Brig.Jen. (B) Dato' Ali Bin Hj. Musa		
10.	Continuing in office as Independent Non-Executive Director - Mr Law Piang Woon		
11.	To grant authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
12.	To approve Proposed Renewal of Share Buy-Back		
13.	To approve Proposed Renewal of Shareholders' Mandate - Seri Cemerlang Plantation (Pahang) Sdn Bhd		
14.	To approve Proposed Renewal of Shareholders' Mandate - Low Nam Hui & Sons Sdn Bhd		
15.	To approve Proposed Renewal of Shareholders' Mandate - KangHui Travel Sdn Bhd		
16.	To approve Proposed Renewal of Shareholders' Mandate - LNH Enterprise Sdn Bhd		
17.	To approve Proposed Renewal of Shareholders' Mandate - Horn Lern (Merakai) Sdn Bhd		
18.	To approve Proposed Renewal of Shareholders' Mandate And Proposed New Shareholders' Mandate - Horn Lern (Semada) Sdn Bhd		
19.	To approve Proposed Renewal of Shareholders' Mandate - Horn Lern (Kragan) Sdn Bhd		
20.	To approve Proposed Renewal of Shareholders' Mandate - Horn Lern (Jerok) Sdn Bhd		

(Please indicate with a cross ("X") in the appropriate space(s) whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he/she thinks fit.)

Number of shares held _____

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies must be indicated below:-		
	Number of Shares	Percentage (%)
First Proxy		
Second Proxy		

Signature of Member / Members

Dated this _____ day of _____ 2018

Notes:-

- Only members registered in the Record of Depositors as at 19 June 2018 are eligible to attend, speak and vote at the Company's 18th Annual General Meeting or to appoint proxy to attend, speak and vote on his/her behalf.
- A member who is entitled to attend and vote at the meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote instead of the member at the meeting. A proxy need not be a member and there shall be no restriction as to the qualification of the proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
- Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of its attorney duly authorised.
- The Proxy Form must be deposited with the Company Secretary at the Registered Office, 6th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru, Johor, not less than 48 hours before the time set for holding the meeting.

Fold This Flap For Sealing

Then Fold Here

Stamp

**THE COMPANY SECRETARY
HARN LEN CORPORATION BHD (502606-H)**

6th Floor, Johor Tower
15 Jalan Gereja
80100 Johor Bahru
Johor Darul Takzim

1st Fold Here



汉联机构有限公司 (502606-H)
HARN LEN CORPORATION BHD

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Website: www.harnlen.com.my