汉联机构有限公司 (502606-H)

HARN LEN CORPORATION BHD.

ANNUAL REPORT 2016

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

CONTENTS

annual report 2016

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth (17th) Annual General Meeting of Harn Len Corporation Bhd ("Harn Len" or "the Company") will be held at Meranti Hall, 4th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru on Tuesday, 6 June 2017 at 11.00 am for the following purposes:-

Ordinary Business:-

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon.	**Please refer to Explanatory Notes 1**
2.	To approve the payment of Directors' fees of RM200,000 for the financial year ended 31 December 2016.	**Resolution 1**
3.	To approve the payment of Directors' benefits payable to the Directors of the Company up to RM250,000 for the financial year ending 31 December 2017.	**Resolution 2**
4.	To re-elect the Directors who retire in accordance with Article 84 of the Company's Articles of Association, constituting part of the Constitution of the Company :-	
	i) Mr Loh Wann Yuan	**Resolution 3**
	ii) Mr Low Kok Yong	**Resolution 4**
	iii) En Mohamed Akwal Bin Sultan Mohamad	**Resolution 5**
5.	To re-appoint Brig. Jen. (B) Dato' Ali Bin Hj. Musa who retires at the conclusion of this 17th AGM, as a Director of the Company.	**Resolution 6**
6.	To re-appoint Mr Law Piang Woon who retires at the conclusion of this 17th AGM, as a Director of the Company.	**Resolution 7**
7.	To re-appoint Mr Lee Chon Sing who retires at the conclusion of this 17th AGM, as a Director of the Company.	**Resolution 8**
8.	To re-appoint Messrs Deloitte PLT as Auditors of the Company for the financial year ending 31 December 2017 and to authorise the Directors to fix their remuneration.	**Resolution 9**

SPECIAL BUSINESS:-

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

9. **ORDINARY RESOLUTION 1**
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

i)	"THAT subject to the passing of Resolution 3, approval be and is hereby given to Mr Loh Wann Yuan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company."	**Resolution 10**
ii)	"THAT subject to the passing of Resolution 6, approval be and is hereby given to Brig. Jen. (B) Dato' Ali Bin Hj. Musa who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company."	**Resolution 11**

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

iii) "THAT subject to the passing of Resolution 7, approval be and is hereby given to Mr Law Piang Woon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." **Resolution 12**

ORDINARY RESOLUTION 2

10. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("AUTHORITY TO ALLOT SHARES")** **Resolution 13**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approval of the relevant governmental / regulatory authorities (if any), the Directors be and are hereby authorised to allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be allotted during the preceding 12 months does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by a resolution of the Company at a general meeting."

ORDINARY RESOLUTION 3

11. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK ("PROPOSED RENEWAL OF SHARE BUY-BACK")** **Resolution 14**

"THAT subject to the Companies Act 2016, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the provision of the Constitution of Company and other applicable laws, rules, regulations and guidelines of the relevant authorities, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company through the Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit subject to the following:

(a) the aggregate number of shares purchased and/or held does not exceed ten per centum (10%) of the total number of issued share of the Company as quoted on Bursa Securities as at the point of purchase ("Harn Len Shares");

(b) an amount of funds not exceeding the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) at the time of purchase(s) will be allocated by the Company for the purchase of its own shares; and

(c) 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 to deal with the treasury shares in the manners as allowed by the Companies Act 2016.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AND THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:

(i) the conclusion of the next Annual General Meeting of the Company following the 17th Annual General Meeting in which the resolution for the Proposed Renewal of Share Buy-Back is passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next Annual General Meeting is required by law to be held; or

(iii) revoked or varied by ordinary resolution of the shareholders of the Company in general meeting.

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main LR and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary (including the appointment of a stockbroking firm and the opening and maintaining of a Central Depository Account designated as a Share Buy-Back Account and to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid 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 to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

ORDINARY RESOLUTION 4

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

"THAT, subject to compliance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries ("Harn Len Group") to enter into Recurrent Related Party Transactions of a revenue or trading nature with the specified classes of related parties as detailed below, which set out in Section 2.4 to Section 2.6 of Part B of the Circular to Shareholders dated 30 April 2017 :

(1) Seri Cemerlang Plantation (Pahang) Sdn Bhd **Resolution 15**
(2) Low Nam Hui & Sons Sdn Bhd **Resolution 16**
(3) KangHui Travel Sdn Bhd **Resolution 17**
(4) LNH Enterprise Sdn Bhd **Resolution 18**
(5) Horn Lern (Merakai) Sdn Bhd **Resolution 19**
(6) Horn Lern (Semada) Sdn Bhd **Resolution 20**
(7) Horn Lern (Krangan) Sdn Bhd **Resolution 21**
(8) Horn Len (Jerok) Sdn Bhd **Resolution 22**

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Provided that such transactions are necessary for the Harn Len Group's day-to-day operations subject to the following:-

(i) the transactions are necessary for the day to day operations of the Company and its subsidiaries and in the ordinary course of business, which are at arm's length, on normal commercial terms and are on terms and transaction prices not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;

(ii) The mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(2) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolutions.

13. To transact any other matter for which due notice shall have been given

NOTICE OF GENERAL MEETING RECORD OF DEPOSITORS

NOTICE IS ALSO HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 17th Annual General Meeting, Harn Len shall request from Bursa Malaysia Depository Sdn Bhd in accordance with the provisions under Article 62 of Harn Len's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors ("General Meeting ROD") as at 29 May 2017. Only a depositor whose name appears on the General Meeting ROD as at 29 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.

By Order of the Board
HARN LEN CORPORATION BHD

Fong Siew Kim (MAICSA No. 7022188)
Yong May Li (LS 0000295)
Wong Chee Yin (MAICSA No. 7023530)

Company Secretaries

Johor Bahru
30 April 2017

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Notes:-

1. Only members registered in the Record of Depositors as at 29 May 2017 are eligible to attend, speak and vote at the Company's 17th Annual General Meeting or to appoint proxy to attend, speak and vote on his/her behalf.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

Explanatory Notes:-

Ordinary Business :

1. **Item 1 of the Agenda**

   This Agenda is meant for discussion only as the provisions of Sections 248(2) and 340(1) of the Companies Act 2016 does not require a formal approval of the Shareholders. Hence, this Agenda item is not put forward for voting by shareholders of the Company.

2. **Item 3 of the Agenda**
   Resolution 2
   Directors' Benefits for the financial year ending 31 December 2017

   The total estimated benefits payable comprised of meeting allowance and annual allowance for the Board Committees of the Company for the financial year ending 31 December 2017.

3. **Item 5, 6 and 7 of the Agenda**
   Resolutions 6, 7 and 8
   Re-appointment of Directors

   At the 16th Annual General Meeting ("AGM") of the Company held on 29 June 2016, Brig. Jen. (B) Dato' Ali Bin Hj. Musa, Mr Law Piang Woon and Mr Lee Chon Sing who are above age of 70, were re-appointed as Directors of the Company pursuant to Section 129(6) of the Companies Act 1965 to hold office until the conclusion of the 17th AGM. Their term of office will end at the conclusion of the 17th AGM and they have offered themselves for re-appointment.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

The Nominating Committee and the Board of Directors had recommended their re-appointment at the forthcoming 17th AGM. The proposed Ordinary Resolutions 6, 7 and 8, if passed, will enable Brig. Jen. (B) Dato' Ali Bin Hj. Musa, Mr Law Piang Woon and Mr Lee Chon Sing to continue to act as Directors of the Company and they shall subject to retirement by rotation at a later date.

Special Business:-

4. **Item 9 of the Agenda**
Resolutions 10, 11 and 12
Continuing in office as Independent Non-Executive Directors

The Nominating Committee had assessed the independence of Mr Loh Wann Yuan, Brig. Jen. (B) Dato' Ali Bin Hj. Musa and Mr Law Piang Woon who have served on the Board as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Mr Loh Wann Yuan, Brig. Jen. (B) Dato' Ali Bin Hj. Musa and Mr Law Piang Woon as Independent Non-Executive Directors of the Company.

The proposed Resolutions 10, 11 and 12 proposed under Agenda 9(i), 9(ii) and 9(iii), if passed, will allow Mr Loh Wann Yuan, Brig. Jen. (B) Dato' Ali Bin Hj. Musa and Mr Law Piang Woon to be retained and continue to act as Independent Non-Executive Directors of the Company to fulfill the requirements of Paragraph 3.04 of Bursa Securities Main LR and in line with the recommendation No. 3.3 of the Malaysian Code of Corporate Governance 2012.

The full details of the Board's justification and recommendations for the retention of the above Directors as Independent Non-Executive Directors are set out in the Statement on Corporate Governance in the Annual Report 2016 on page 35.

5. **Item 10 of the Agenda**
Resolution 13
Authority to allot shares

The proposed Resolution 13 is the renewal of the mandate obtained from the members at the 16th Annual General Meeting held on 29 June 2016. As at the date of this Notice, no new shares in the Company were issued pursuant to the last mandate.

The Proposed Resolution 13, if passed, will empower the Directors to allot shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting. The renewal of the general mandate is to provide flexibility to the Company to allot new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

6. **Item 11 of the Agenda**
Resolution 14
Proposed Renewal of Share Buy-Back

This Ordinary Resolution, if passed, will enable the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company.

The details of this proposed Ordinary Resolution are set out in Part A of the Circular to the Shareholders of the Company dated 30 April 2017 which is dispatched together with the Company's Annual Report 2016.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

7. **Item 12 of the Agenda**
Resolutions 15, 16, 17, 18, 19, 20, 21 and 22
Proposed Renewal of Shareholders' Mandate

The Board had on 22 February 2017 announced that the Company would seek the approval from its shareholders for the Proposed Renewal of Shareholders' Mandate. The existing Shareholders' Mandate obtained on 12 October 2016 will expire at the conclusion of the forthcoming 17th Annual General Meeting to be held on 6 June 2017.

The Resolutions 15, 16, 17, 18, 19, 20, 21 and 22 proposed under Agenda 12(1), 12(2), 12(3), 12(4), 12(5), 12(6), 12(7) and 12(8) if passed, will renew the mandates for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with Seri Cemerlang Plantation (Pahang) Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, KangHui Travel Sdn Bhd, LNH Enterprise Sdn Bhd, Horn Lern (Merakai) Sdn Bhd, Horn Lern (Semada) Sdn Bhd, Horn Lern (Krangan) Sdn Bhd and Horn Len (Jerok) Sdn Bhd as set out in Section 2.6 of Part B of the Circular to shareholders dated 30 April 2017, which is sent out together with the Company's Annual Report 2016. The mandates shall continue in force until the date of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the Company in a general meeting and is subject to renewal.

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Further details of individuals who are standing for election as Directors (excluding Directors standing for a re-election)

There is no person seeking for election as Director of the Company at this Annual General Meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Puan Sri Datin Chan Pui Leorn
(Deputy Executive Chairman)

Mr Low Quek Kiong
(Managing Director)

Mr Low Kueck Shin
(Deputy Managing Director)

Mr Low Kwek Lee
(Executive Director)

Mr Low Kuek Kong
(Executive Director)

Mr Lee Chon Sing
(Executive Director)

Mr Low Kok Yong
(Executive Director)

Mr Low Kok Yaow
(Executive Director)

Mr Loh Wann Yuan
(Senior Independent Non- Executive Director)

Brig. Jen. (B) Dato' Ali Bin Hj. Musa
(Independent Non-Executive Director)

Mr Law Piang Woon
(Independent Non- Executive Director)

En Mohamed Akwal Bin Sultan Mohamad
(Independent Non- Executive Director)

AUDIT COMMITTEE

Mr Loh Wann Yuan (Chairman)
Brig.Jen. (B) Dato' Ali Bin Hj. Musa
Mr Law Piang Woon
En Mohamed Akwal Bin Sultan Mohamad

NOMINATING COMMITTEE

Mr Loh Wann Yuan (Chairman)
Brig. Jen. (B) Dato' Ali Bin Hj. Musa
Mr Law Piang Woon
En Mohamed Akwal Bin Sultan Mohamad

REGISTERED OFFICE / BUSINESS ADDRESS

6th Floor, Johor Tower
15 Jalan Gereja
80100 Johor Bahru
Telephone No. : 07-2221777
Facsimile No. : 07-2249213

SECRETARIES

Ms Yong May Li (LS 0000295)
Ms Wong Chee Yin (MAICSA No. 7023530)
Ms Fong Siew Kim (MAICSA No. 7022188)

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite,
Avenue 3 Bangsar South,
No 8 Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Telephone No. : 603-2783 9299
Facsimile No. : 603-2783 9222

AUDITORS

Messrs Deloitte PLT
Chartered Accountants
No 21, Jalan Tun Abdul Razak
Susur 1/1, 80000 Johor Bahru

PRINCIPAL BANKERS

Public Bank Berhad
Bank of China (Malaysia) Berhad
Bangkok Bank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad
Alliance Bank (Malaysia) Berhad
CIMB Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad ("Bursa")
Stock Code : Harn Len 7501
Sector : Plantation

WEBSITE

www.harnlen.com.my

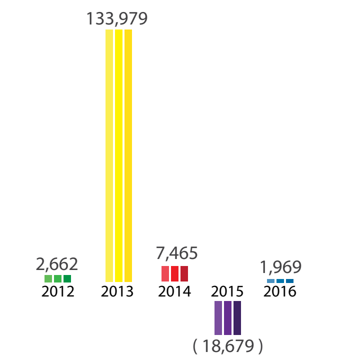
5 YEARS KEY STATISTICS

		Year				
		2016	2015	2014	2013	2012
FINANCIAL PERFORMANCE						
Revenue	(RM'000)	269,556	243,183	271,582	256,803	256,648
Profit / (Loss) From Operations	(RM'000)	7,155	(15,563)	9,508	144,279	11,092
Ebita	(RM'000)	27,226	4,638	27,709	162,559	27,057
Profit / (Loss) Before Tax	(RM'000)	1,969	(18,679)	7,465	133,979	2,662
Taxation (Income)/Expense	(RM'000)	6,851	983	5,627	(2,076)	6,570
Profit / (Loss) After Tax	(RM'000)	(4,882)	(19,662)	1,838	136,056	(3,908)
Net (Profit) / (Loss) to equity holders	(RM'000)	(8,340)	(14,062)	2,435	136,075	(509)
Shareholders' Equity	(RM'000)	312,984	326,367	340,430	352,832	253,853
Total Assets	(RM'000)	497,114	463,338	440,428	486,462	444,470
Total Borrowings	(RM'000)	112,890	85,752	44,459	56,481	145,259
Return on Equity	%	(2.66)	(4.31)	0.72	38.57	(0.20)
PE Ratio (times)		N/A	N/A	82	2	N/A
Return on Total Assets	%	(1.68)	(3.03)	0.55	27.97	(0.11)
Gearing Ratios		1: 2.77	1: 3.81	1: 7.66	1: 6.25	1: 1.75
Interest Cover (times)		5.23	1.48	13.56	15.8	3.2
Nett Debts to shareholders equity	%	31	21	8	16	57
Earnings Per Share-Basic	Sen	(4.60)	(7.60)	1.31	73.4	(0.3)
Net Assets Per Share	RM	1.69	1.69	1.79	1.86	1.33
Gross Dividend per share	Sen	-	-	8	20	-
Gross Dividend yield	%	-	-	7.5	13	-
Share Price at financial year end	Sen	80	100	107	150	89.5
ESTATES						
Planted area						
Mature	(ha)	10,855	11,867	11,783	11,156	12,068
Immature	(ha)	6,046	2,377	1,239	1,327	2,660
Total Planted Area	(ha)	16,901	14,244	13,022	12,483	14,728
FFB Production	(mt)	162,277	181,198	174,151	189,242	166,165
Yield Per Mature Hectare	(mt/ha)	14.949	15.269	14.780	14.092	13.769
MILLS						
FFB Processed						
Own FFB	(mt)	108,055	132,536	130,141	112,194	86,202
Outside FFB	(mt)	324,087	322,923	313,108	262,043	197,505
Total	(mt)	432,142	455,459	443,249	374,237	283,707
Production						
Crude Palm Oil	(mt)	84,471	89,160	88,939	74,485	58,081
Palm Kernel	(mt)	17,914	20,634	20,471	17,497	13,493
Extraction Rate						
Crude Palm Oil Extraction Rate	(%)	19.60	19.58	20.07	19.89	20.47
Palm Kernel Extraction Rate	(%)	4.70	4.53	4.62	4.68	4.76
Average Selling Prices (Nett)						
Crude Palm Oil	(RM/mt)	2,549	2,084	2,294	2,296	2,650
Palm Kernel	(RM/mt)	2,332	1,432	1,534	1,246	1,390
Profile of Trees						
Immature (0-3 years)	Ha	6,046	2,377	1,239	1,327	2,660
Young (4-7 years)	Ha	3,734	3,644	4,142	2,274	3,704
Prime (8-19 years)	Ha	6,813	6,813	6,104	7,182	6,664
Past Prime (> 20 years)	Ha	308	1,410	1,537	1,700	1,700

Ebita - Earnings before Interest, Tax, Depreciation and Amortisation
n/a - Not Applicable
Ha - Hectare

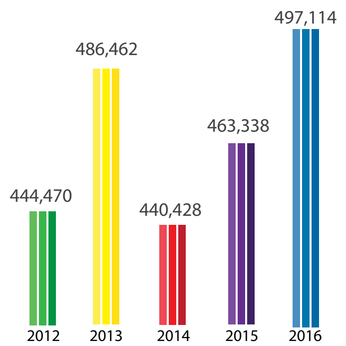
5 YEARS KEY STATISTICS (Cont'd)

PROFIT (LOSS) BEFORE TAX
(RM'000)

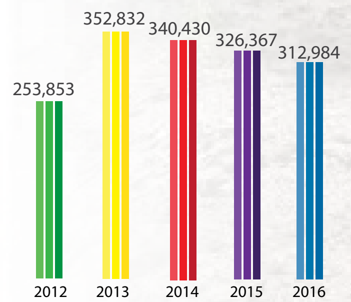


(LOSS) / EARNINGS PER SHARE-BASIC
(Sen)

TOTAL ASSETS
(RM'000)



SHAREHOLDERS' EQUITY
(RM'000)



DEPUTY EXECUTIVE CHAIRMAN STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Harn Len Corporation Bhd ("HLC"), it gives me great pleasure to present to you the Annual Report of the Company and the Group for the financial year ended 31 December 2016 ("FYE2016").

Review Of FYE2016 Results

FYE2016 was a time of economic uncertainty with declining Ringgit exchange rates and the effects of extreme El Nino weather phenomenon that impacted the Group's overall production volume and financial performance, as the plantation division is still the Group's core business activity. The Group remain resilient but recorded a Loss After Tax of RM4,882,387 under this challenging time, due to escalating operating costs, in respect of plantation maintenance and estate infrastructure works.

Segmental Contribution	FYE2016	Mix %	FYE2015	Mix %
Plantation	262,499	97.0	235,699	97.0
Property & Hotel	7,057	3.0	7,484	3.0
Total	269,556	100.0	243,183	100.0
Gross Profit	51,069	NA	43,401	NA
Profit/ (Loss) From Operations	7,155	NA	(15,563)	NA
EBITA	27,226	NA	4,638	NA
Profit/ (Loss) Before Tax	1,969	NA	(18,679)	NA
Profit/(Loss) After Tax	(4,882)	NA	(19,662)	NA
Profit /(Loss) Per Share (sen)	(4.60)	NA	(7.60)	NA

2016 FACTS AT A GLANCE

	FYE2016	FYE2015
Share Price (Sen)	80	100
Market Capitalization (RM'000)	143,950	185,476
FBB Production (MT)	162,277	181,198
FBB Processed (MT)	432,142	455,459
Total Oil Palm Area (Ha)	16,901	14,244
CPO Extraction Rate (%)	19.60	19.58
PK Extraction Rate (%)	4.70	4.53
Hotel Room Rates (RM)	76.00	80.00
Group Workforce	1,026	972

DEPUTY EXECUTIVE CHAIRMAN STATEMENT (Cont'd)

Corporate Development

a) On 12 July 2016, HLC entered into a Sales & Purchase Agreement with Jotech Metal Fabrication Industries Sdn Bhd (187741-P) to acquire 3 pieces of freehold land together with factory buildings free from all charges, liens and encumbrances for a total consideration of RM18,000,000.

b) Harn Len Development (Jerok) Sdn Bhd ('HLDJ") was incorporated on 29 June 2016 as a 75% subsidiary of HLC with an authorised share capital of RM400,000.00 divided into 400,000 shares of RM1.00 each, and the issued share capital of RM100.00 comprising 100 ordinary shares of RM1.00 each. HLDJ will be principally involved in the business as general contractors.

c) On 2 June 2016, Harn Len Management Sdn Bhd ('HLMSB'), a wholly owned subsidiary of HLC had entered into a Management Agreement ('MA') with Advance Pinnacle Sdn Bhd ('APSB') for HLMSB to manage, harvest and maintain oil palm on Block 19 Melikin Land District located at Upin Area, Ensebang Quarry, Balai Ringin, Serian measuring about 1,845.451 acres and Blocks 18, 19 and 20 Melikin Land District located at Upik, Balai Ringin, Serian measuring about 524.06 acres for a period of 7 years.

Looking Ahead

Building on the sustainability measures and cost management initiatives, the Group's management is given a concise transformation framework to further improve on its performance with strategic plan on fostering a performance culture and risk management awareness to better enhance on their contributions and productivity efforts.

I am confident that the Group have the vision and the strength to fulfil our operating goals, now and in the future with focus on operational improvements and cost management initiatives.

Acknowledgement

On behalf of the entire Board, I wish to sincerely thank the management and all employees for their commitment, hard work and perseverance in contributing to this year's performance.

I wish to express my deepest appreciation to all our customers, business partners, government authorities, shareholders and fellow Board members for their confidence and continued support to the Group.

PUAN SRI DATIN CHAN PUI LEORN
Deputy Executive Chairman
27 April 2017

PROFILE OF DIRECTORS

PUAN SRI DATIN CHAN PUI LEORN
NON-INDEPENDENT, EXECUTIVE

Puan Sri Datin Chan Pui Leorn (Puan Sri Datin Chan), aged 58, Malaysian Female, was appointed to the Board of Harn Len as an Executive Director on 1 March 2011. On 1 January 2015, Puan Sri Datin Chan was appointed the Deputy Executive Chairman of Harn Len.

Puan Sri Datin Chan was a Manager of Ulu Tiram Transport Company and Lama Trading Company from 1978 to 1983. She has vast experience in the transportation and logistics business, property management, administrative work and corporate planning.

Besides her executive position in Harn Len, Puan Sri Datin Chan is a Member of both the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) Commerce Committee and International Trade and Industry Committee. She is also the Honorary Advisor of Persatuan Tiong-Hua Johor Bahru.

Apart from her directorship in the Company, she does not hold any directorship in other public and listed companies in Malaysia. She holds directorship in several private limited companies.

Puan Sri Datin Chan is an immediate family member of Mr Low Quek Kiong, Mr Low Kueck Shin, Mr Low Kwek Lee, Mr Low Kuek Kong, Mr Low Kok Yong and Mr Low Kok Yaow who are all directors of the Company. Puan Sri Datin Chan is a substantial shareholder of the Company by virtue of her direct and indirect interest in shareholdings held by her family-owned companies. She is deemed interested in related party transactions carried out in the ordinary course of business between the Company and her family-owned companies which details are found in Note 19 to the Financial Statements.

LOW QUEK KIONG
NON-INDEPENDENT, EXECUTIVE

Low Quek Kiong ("Low QK"), aged 65, a Malaysian Male, was appointed to the Board of Harn Len on 25 February 2003 and was subsequently appointed the Executive Director on 1 August 2003. Mr Low QK was appointed Managing Director of Harn Len on 1 January, 2015.

He joined his family-owned business which have major interest in logging, transportation, sawmilling, plywood manufacturing, oil palm plantations and palm oil mill operations, property development and hotel operations after completing his education in the early 1970s and has gained invaluable business experience.

Apart from his directorship in the Company, he does not hold any directorship in other public and listed companies in Malaysia. He holds directorship in several private limited companies.

Mr Low QK is an immediate family member of Puan Sri Datin Chan, Mr Low Kueck Shin, Mr Low Kwek Lee, Mr Low Kuek Kong, Mr Low Kok Yong and Mr Low Kok Yaow who are all directors of the Company. Mr Low QK is a substantial shareholder of the Company by virtue of his direct and indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 19 to the Financial Statements.

PROFILE OF DIRECTORS (Cont'd)

LOW KUECK SHIN
NON-INDEPENDENT, EXECUTIVE

Low Kueck Shin, KMN ("Low KS"), aged 60, a Malaysian Male, was appointed to the Board of Harn Len on 25 February 2003 and was subsequently appointed the Executive Director on 1 August 2003. Mr Low KS was appointed the Deputy Managing Director of Harn Len on 1 January, 2015.

Mr Low KS obtained his Higher National Diploma in Business Studies from Croydon Technical College, London, England. He has more than 30 years' experience in the oil palm plantation business.

Besides his involvement in Harn Len, Mr Low KS is the Deputy President of Johor Bahru Chinese Chamber of Commerce and Chairman of Agriculture Committee of Johor Associated Chinese Chambers of Commerce and Industry.

Apart from his directorship in the Company, he does not hold any directorship in other public and listed companies in Malaysia. He holds directorship in several private limited companies.

Mr Low KS is an immediate family member of Puan Sri Datin Chan, Mr Low Quek Kiong, Mr Low Kwek Lee, Mr Low Kuek Kong, Mr Low Kok Yong and Mr Low Kok Yaow who are all directors of the Company. Mr Low KS is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 19 to the Financial Statements.

LOW KWEK LEE
NON-INDEPENDENT, EXECUTIVE

Low Kwek Lee ("KL Low"), aged 58, a Malaysian Male, was appointed to the Board of Harn Len on 25 February 2003 and was subsequently appointed the Executive Director on 1 August 2003.

Mr KL Low obtained his Higher National Diploma in Business Studies from Brighton Technical College, Brighton, England in 1980. He was an associate member of Institut Pengurusan Malaysia (MIM) since 1991 and upgraded as an ordinary member on 14 August, 2014. He joined his family-owned diversified business with major interests in logging, transportation, sawmilling, plywood manufacturing, oil palm plantations and palm oil mill operations and hotel operations after completing his education.

Apart from his directorship in the Company, he does not hold any directorship in other public and listed companies in Malaysia. He holds directorship in several private limited companies.

Mr KL Low is an immediate family member of Puan Sri Datin Chan, Mr Low Quek Kiong, Mr Low Kueck Shin, Mr Low Kuek Kong, Mr Low Kok Yong and Mr Low Kok Yaow who are all directors of the Company. Mr KL Low is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 19 to the Financial Statements.

PROFILE OF DIRECTORS (Cont'd)

LOW KUEK KONG
NON-INDEPENDENT, EXECUTIVE

Low Kuek Kong ("Low KK"), aged 50, a Malaysian Male, was appointed to the Board of Harn Len on 25 February 2003 and was subsequently appointed the Executive Director on 1 August 2003. Mr Low KK graduated with a Bachelor of Economics in 1993. Prior to joining Harn Len, he was a Production Manager in an electronics firm and managing his family owned transportation business.

Apart from his directorship in the Company, he does not hold any directorship in other public and listed companies in Malaysia. He holds directorship in several private limited companies.

Mr Low KK is an immediate family member of Puan Sri Datin Chan, Mr Low Quek Kiong, Mr Low Kueck Shin, Mr Low Kwek Lee, Mr Low Kok Yong and Mr Low Kok Yaow who are all directors of the Company. Mr Low KK is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 19 to the Financial Statements.

LEE CHON SING
NON-INDEPENDENT, EXECUTIVE

Lee Chon Sing, aged 75, a Malaysian Male, was appointed to the Board of Harn Len on 15 April 2002 and was subsequently appointed the Group General Manager of Harn Len on 1 August 2003. He is a member of the Remuneration Committee. He graduated from Nanyang University, Singapore with a Degree in Economics in 1965. He joined the LNH Group in 1966 and was the General Manager of LNH Group until July 2003.

Apart from his directorship in the Company, he does not hold any directorship in other public and listed companies in Malaysia.

Mr Lee is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.

PROFILE OF DIRECTORS (Cont'd)

LOW KOK YONG
NON-INDEPENDENT, EXECUTIVE

Mr Low Kok Yong ("Low KY"), aged 31, a Malaysian Male, was appointed to the Board of Harn Len as an Executive Director on 1 January, 2014. He attended Cambridge Tutors College, South Croydon, England for his A-levels. He joined Harn Len on 1 September, 2005 as a Management Trainee and was subsequently promoted to Head of Business Development in 2010.

Besides his involvement in Harn Len, Mr Low KY is a Member of the Youth Committee of All China Federation of Returned Overseas Chinese and a Committee Member of the Youth Divisions for both Malaysia-China Chamber of Commerce and Johor Associated Chinese Chamber of Commerce and Industry. In addition, he is a Council Member of the Johor Bahru Chinese Chamber of Commerce and Industry and the Vice-Leader of its Youth Division.

Apart from his directorship in the Company, he does not hold any directorship in other public and listed companies in Malaysia. He holds directorship in several private limited companies.

Mr Low KY is an immediate family member of Puan Sri Datin Chan, Mr Low Quek Kiong, Mr Low Kueck Shin, Mr Low Kwek Lee, Mr Low Kuek Kong and Mr Low Kok Yaow who are all directors of the Company. Mr Low KY is a substantial shareholder of the Company by virtue of his direct and indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 19 to the Financial Statements.

LOH WANN YUAN
SENIOR INDEPENDENT, NON- EXECUTIVE

Loh Wann Yuan, aged 48, a Malaysian Male, was appointed to the Board of Harn Len on 15 April 2002. Mr Loh is the Chairman of Audit Committee and Nomination Committee and also sits on the Remuneration Committee. He was appointed the Senior Independent Director on 27 August 2009.

Mr Loh graduated from University of London with a Bachelor of Law Degree and Masters in Law. He was admitted and enrolled as an advocate and solicitor of the High Court of Malaya in 1994 with experience in commercial, corporate and property laws. He was also admitted as a legal practitioner of New South Wales and Western Australia.

Apart from his directorship in the Company, he does not hold any directorship in other public and listed companies in Malaysia.

Mr Loh is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.

PROFILE OF DIRECTORS (Cont'd)

BRIG. JEN. (B) DATO'ALI BIN HJ MUSA
INDEPENDENT, NON-EXECUTIVE

Brig. Jen. (B) Dato' Ali Bin Hj Musa ("Dato' Ali"), aged 74, a Malaysian Male, was appointed to the Board of Harn Len on 25 February 2003. Dato' Ali is the Chairman of Remuneration Committee and also sits on the Audit and Nomination Committee .

Dato' Ali was an officer in the Malaysian Armed Forces until his retirement in July 1997. During his service as Brigadier General he commanded an infantry Brigade in Kelantan with up to 6,000 men.

Apart from his directorship in the Company, he does not hold any directorship in other public and listed companies in Malaysia.

Dato' Ali is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.

LAW PIANG WOON
INDEPENDENT, NON-EXECUTIVE

Law Piang Woon, aged 75, a Malaysian Male, was appointed to the Board of Harn Len on 5 August 2003. He is currently a member of the Audit Committee and Nomination Committee.

He holds a Bachelor of Commerce (Accountancy) Degree and is currently practicing as a Public Accountant. Apart from his qualification as a Chartered Accountant of Malaysia, he holds various qualifications including Certified Public Accountant (Australia), Chartered Accountant of Singapore, Fellow of Chartered Tax Institute of Malaysia (FCTIM) and Fellow of the Association of Chartered Certified Accountants (FCCA).

Mr Law is also an Independent Non-Executive Director of White Horse Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.

PROFILE OF DIRECTORS (Cont'd)

MOHAMED AKWAL SULTAN MOHAMAD
INDEPENDENT, NON-EXECUTIVE

Mohamed Akwal Sultan Mohamad (En Akwal), aged 63, a Malaysian Male, was appointed to the Board of Harn Len as an Independent Non-Executive Director on 28 March, 2014. He is currently a member of the Audit Committee, Remuneration Committee and Nominating Committee.

En Akwal holds a Bachelor of Business Administration and a Diploma in Food Technology. He has more than 30 years' experience in the financial sector with significant experience in debt resolution. His extensive experience includes corporate banking, debt recovery, SME Lending, debt management and providing advisory services to companies. He was previously the Chief Executive Officer of the Credit Counselling and Debt Management Agency (AKPK). Currently, he is the Managing Director of My Tech Division Sdn Bhd, a company involved in one stop HR Solutions, Software Development and IT Solutions.

Apart from his directorship in the Company, he is also an Independent Non-Executive Director of Eastland Equity Bhd, a company listed on the Main Board.

He is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.

LOW KOK YAOW
NON-INDEPENDENT, EXECUTIVE

Mr Low Kok Yaow ("Low KYw"), aged 28, a Malaysian Male, was appointed to the Board of Harn Len as an Executive Director on 1 January, 2015. Mr Low KYw holds a Bachelor of Business & Commerce from Monash University, Melbourne, Australia. He joined Harn Len on 1 August 2011 as a Business Development Manager and was subsequently promoted to Head of Business Development on 1 January, 2014.

Besides his involvement in Harn Len, Mr Low KYw is a Member of the Youth Committee of All China Federation of Returned Overseas Chinese and a Council Member of the Henan Province Overseas Friendship Association.

Apart from his directorship in the Company, he does not hold any directorship in other public and listed companies in Malaysia. He holds directorship in several private limited companies.

Mr Low KYw is an immediate family member of Puan Sri Datin Chan, Mr Low Quek Kiong, Mr Low Kueck Shin, Mr Low Kwek Lee, Mr Low Kuek Kong and Mr Low Kok Yong who are all directors of the Company. Mr Low KYw is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 19 to the Financial Statements.

CONVICTION OF OFFENCE

None of the Directors of the Company has been convicted of any offence within the past 5 (five) years other than traffic offences

Key Management Officers

LOW YEW YERN
CHIEF FINANCIAL OFFICER

Low Yew Yern, 38, Malaysian Male, graduated from University of London with a Degree in Economics in 1999 and Masters in Economics in 2001. Mr Low has been the Chief Financial Officer of the Company since July, 2003.

Prior to joining the Company, he was working at his family owned business which has vast business interest in the plantation, oil milling and hospitality industries and property investment.

He does not hold any directorship in public and listed companies in Malaysia.

He is the son of Mr Low Quek Kiong and is related to Puan Sri Chan Pui Leorn, Mr Low Kueck Shin, Mr Low Kwek Lee, Mr Low Kuek Kong, Mr Low Kok Yong and Mr Low Kok Yaow, all Directors of the Company and the major shareholders of the Company. By virtue of his relationship with the Directors and major shareholders of the Company, he is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family owned companies which details are found in Note 19 to the Financial Statements.

During the financial year, he does not have any convictions for offences within the past 5 years, no conflict of interests with the Company or any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences.

MDM LAI NYUK FAH
GENERAL MANAGER, SARAWAK OPERATIONS

Mdm Lai Nyuk Fah, 57, Malaysian Female, holds an Executive Master in Business & Industrial Management from Asia e University. She has been the General Manager of the Sarawak operations since 1 October, 2013.

Mdm Lai was a marketing manager and Director of a Company marketing of labels for the period 1979 to 2003. She joined Masranti Plantation Sdn Bhd, a wholly owned subsidiary of Harn Len in July 2003 as Administrative General Manager and was promoted to her current position.

She does not hold any directorship in public and listed companies in Malaysia and is not related to any director or major shareholder of the Company.

During the financial year, she does not have any convictions for offences within the past 5 years, no conflict of interests with the Company or any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences.

Key Management Officers (Cont'd)

ANTHONY IGNATIOUS PILLAY

GROUP ESTATE MANAGER

Anthony Ignatious Pillay, 69, Malaysian Male, holds a Diploma of Agriculture from Queensland Agriculture College, Australia. Mr Pillay has been the Group Estate Manager since July, 2003.

He has vast experience in the plantation industry, managing oil palm plantations in Negeri Sembilan and Pahang and also rubber estates in Perak and has worked in various estates in his capacity as Estate Manager since 1969. Prior to joining the Company, he was the Group Estate Manager with Low Nam Hui & Sons' Group.

He does not hold any directorship in public and listed companies in Malaysia and is not related to any director or major shareholder of the Company.

During the financial year, he does not have any convictions for offences within the past 5 years, no conflict of interests with the Company or any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences.

MANAGEMENT'S DISCUSSION & ANALYSIS
For the Financial Year Ended 31 December 2016 (FYE2016)

Introduction

This review is to explain and highlight the key events and factors through the Management views leading to the operating performance and financial results for FYE2016.

GROUP BUSINESS SEGMENTS

The Group's two principal core business activities involve the following interests:-

BUSINESS SEGMENTS	LOCATION OF OPERATIONS
Plantation	
Estate Management	Pahang & Sarawak
Milling Operation	Pahang & Sarawak
Property & Hotel	
Property Investment	Johor & Sarawak
Hospitality	Johor

OPERATION REVIEW

Plantation Division

Economic Landscape & Challenges

During the year under review, the major focus was on cost management and streamlining procedural controls to optimize cost saving measures, so as to sustain operational efficiencies as a result of escalating operating cost like foreign worker levy increased to RM650/worker, minimum wages jumped to RM920/month in East Malaysia and RM1,000/month in Peninsular Malaysia, 6% GST impact, depreciating currency rates, the need to implement upgrading and improvement works on the plantation infrastructure to support better productivity and logistic needs. The El Nino dry weather greatly affected crop production volume coupled with low inventory, provided support to Crude Palm Oil (CPO) prices to average RM2,500/MT for period under review.

Estate Management & Production Yield Output

As at 31 December 2016, the Group's total planted area owned by the Company, subsidiaries and associate companies stood at 16,901 hectares (FYE2015 –14,244 hectares).

The Group has a total of five (5) main estates comprising of two (2) in Peninsular Malaysia and three (3) located in East Malaysia. The production yields of oil palm output depend on soil and climate conditions, plantation management practices in terms of harvesting and transportation of the fresh fruits bunches (FFB) for mill processing.

Tabulated below are the crop statement and the area statement:-

	FYE2016	FYE2015	FYE2014
Crop Statement			
Average mature area harvested (hectare)	10,855	11,867	11,783
FFB production (tonne)	162,277	181,198	174,915
Yield per mature hectare (tonne)	14.95	15.27	14.84
Oil Palm Area Statement			
Mature	10,855	11,867	11,783
Immature	6,046	2,377	1,239
Total	16,901	14,244	13,022

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Financial Year Ended 31 December 2016 (FYE2016) (Cont'd)

Mills Management & Average Selling Price

Overall the results illustrate marginal changes due to more operational cost challenges.

Production Statement	FYE2016	FYE2015	FYE2014
FFB processed (m/t)	432,142	455,459	443,249
CPO produced (m/t)	84,471	89,160	88,943
Palm Kernal (PK) produced (m/t)	17,908	20,634	20,475
Oil extraction rate (%)			
CPO	19.60	19.58	20.07
PK	4.70	4.53	4.62
CPO sold (m/t)	84,710	89,120	89,168
PK sold (m/t)	18,018	20,670	20,396
Average selling price (m/t)	**RM**	**RM**	**RM**
CPO	2,549	2,084	2,294
PK	2,332	1,432	1,534
FFB	489	349	401

Operation Outlook

In line with the increasing overall global oil palm plantation capacity, the Group also undertakes to provide plantation management services to other non-integrated estates owners to expand on its earnings potential and to consolidate on its supply chain synergistic cost benefits by gaining economic of scale, so as to improve on its future results.

Accordingly, on 2 June 2016, HLMSB, a wholly owned subsidiary of the Company entered into a Management Agreement with Advance Pinnacle Sdn Bhd for HLMSB to manage, harvest and maintain oil palm on Block 19 Melikin Land District located at Upin Area, Ensebang Quarry, Balai Ringin, Serian measuring about 1,845.451 acres and Blocks 18, 19 and 20 Melikin Land District located at Upik, Balai Ringin, Serian measuring about 524.06 acres for a period of 7 years.

In total the plantation division employs 858 workers in FYE2016 against 800 in FYE2015.

MANAGEMENT'S DISCUSSION & ANALYSIS
For the Financial Year Ended 31 December 2016 (FYE2016) (Cont'd)

Property & Hotel Division

Economic Landscape & Challenges

The weak consumer sentiments affected the overall results of both the property and hotel division, as consumer adopt a more cautious approach to property investment as well as to cut down on local accommodation cost by business travelers.

Bearing in mind the on-going bearish investor sentiment, the property activities were scaled down to reflect the slower property market condition, coupled with the aggressive foreign property developer's entry into the local property segment.

As for the hotel division, the weak market condition requires the Management to rely on foreign visitors, mainly from China and Indonesia, besides the budget conscious government bodies for seminar activities. Hotel overheads were also higher with the implementation of foreign worker levy to RM650/worker, minimum wages to RM1,000/month, 6% GST impact, depreciating currency rates and the need to maintain quality house-keeping standards.

Property Activities

During the year, the Company entered into a Sale & Purchase Agreement to acquire three (3) pieces of freehold land together with factory buildings free from all charges, liens and encumbrances for a total consideration of RM18,000,000. The acquired factory buildings will be leased back to the Vendors for 5 years.

The Group's prime lettable asset, namely Johor Tower was 75% tenanted with average rental rate of RM2.23 p.s.f. against FYE2015 of RM2.20 p.s.f.

Hotel Activities

In FYE2016 the hotel operation achieved an average room rate of RM76 against RM80 for FYE2015. The number of rooms stand at 172 rooms, similar to FYE2015.

Overall average room occupancy rate for FYE2016 was 59% compared to FYE2015 of 60%.

The hotel employed 79 staffs in FYE 2016 against 74 staffs in FYE 2015.

Operational Outlook

Based on current market conditions, the Management remain cautious and expects FYE2017 to continue to be weak for both the property and hotel activities. Consequently, further rationalization exercise need to be initiated to reposition its market reputation and branding efforts.

MANAGEMENT'S DISCUSSION & ANALYSIS
For the Financial Year Ended 31 December 2016 (FYE2016) (Cont'd)

FINANCIAL REVIEW

Operating Performance (RM)

Key Performance Indicators	FYE2016	FYE2015	FYE2014
	000's	000's	000's
Revenue			
Plantation	262,499	235,698	264,211
Property & Hotel	7,057	7,484	7,371
	269,556	243,183	271,582
Net Earnings			
Plantation	14,528	10,012	15,326
Property & Hotel	(6,006)	(19,535)	(3,414)
Core Indicators			
Finance Costs	5,196	3,125	2,052
Shareholders' Equity	312,983	326,367	340,430
Total Assets	497,147	463,338	440,428
Borrowings	112,890	85,752	44,459
Debt/Equity (%)	31%	21%	8%
Earnings Per Share	(4.60)	(7.60)	1.31
Net Assets Per Share	1.69	1.69	1.79
Dividend Per Share	-	-	8
Share Performance Indicators			
Year Close (Sen)	0.80	1.00	1.07
Market Capitalization as at 31 December, 2016	143,950	185,476	198,460
Capital Expenditure Indicators			
Planned Capital Expenditure	55,611	46,266	13,773
Capital Expenditure Incurred	38,636	32,346	8,963

The above performance reflect the competitive market conditions and changing business landscape, especially in the property segment with the major influx of foreign developers with their massive development projects in Johor Bahru region.

The Management had initiated various cost management initiatives to turnaround the current weak performance.

The Company had on 6 January 2017 entered into a Share Sale Agreement for the sale of the entire share equity of a subsidiary company for a consideration of RM13,600,000. The proceeds shall be used to setoff amount owing to the Purchaser and also for payment of contract services to be provided by the Purchaser.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Financial Year Ended 31 December 2016 (FYE2016) (Cont'd)

Share-Buy Back Program

During FYE2016, the Company continued with the Share Buy-Back program and completed the following share transactions:-

Transaction Date	No. of Shares Acquired	Consideration (RM)
17 February 2016	72,000	66,057
18 February 2016	2,000	1,865
1 March 2016	1,000	944
29 March 2016	2,103,000	1,920,609
30 March 2016	3,360,000	3,052,941
30 August 2016	1,000	939
Total	**5,539,000**	**5,043,355**

The total shares bought-back and held as treasury shares to-date is 5,541,000.

GROUP BORROWINGS

Loan Tenure

Loan outstanding as at 31 December 2016 are as follows:-

	As at 31 Dec 2016	As at 31 Dec 2015	As at 31 Dec 2014
Term Loans	RM	RM	RM
Within 12 months	1,531,070	265,073	235,918
More than 12 months	45,779,094	18,434,511	6,090,496
Total	**47,310,164**	**18,699,584**	**6,326,414**
Bank Overdrafts	**41,092,434**	**40,444,193**	**12,252,227**
Hire Purchase			
Within 12 months	3,599,376	3,510,503	2,973,359
More than 12 months	3,873,106	6,449,636	7,223,575
Total	**7,472,482**	**9,960,139**	**10,196,934**
Total Borrowings	**95,875,080**	**69,103,916**	**28,775,575**

BUSINESS RISKS

Risk Overview

Over the years, the Management have carefully mitigated all identified risks and market challenges. Going forward, the Management continue to expand on its revenue growth by developing new land areas in the vicinity of the Group's estates to provide FFB for its own oil mill and to reduce the Group's overall gearing exposure by way of disposals of non-core assets.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Financial Year Ended 31 December 2016 (FYE2016) (Cont'd)

DIVIDEND POLICY

Dividend Outlook

The Board does not recommend the payment of any dividend for the financial year ended 2016 after taking into account the current performance and the overall economic uncertainties going into financial year 2017.

However, any payments will depend on future earnings, capital commitments, general financial conditions, distributable reserves and any other factors to be considered by the Board.

LOOKING AHEAD

Moving Forward Plan

Based on the uncertain economic landscape and intense market condition, the Management is pursuing the following initiatives and KPIs to improve on the Group's results for financial year 2017.

Key Resources	Action To Create Value	Value Outcome
Business assets at key locations with useful operating processes and infrastructure	Use value proposition options to promote "value-for-money" opportunity to gain better occupancy rate for office tenancy and hotel activities by increasing customer traffic frequency	Better occupancy rate motivate staff productivity for better rewards and welfare benefits that leads to zero accident and strengthen community safety and health
Quality technical expertise to provide plantation management services	Increase plantation growth platform that generate cost synergies for optimizing supply chain for economic of scale	Through operational excellence and high performance standards attract new talent to join the plantation segment with attractive reward packages and assist in nation building
Capital funding capacity by controlling shareholder	Reduce gearing with capital exercise will improve returns to shareholders	With a stronger cash position, future dividend payout is made possible

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of Harn Len Corporation Bhd ("Company") recognises the collective duty of the Board to strengthen corporate accountability and leadership values, to protect the interests of shareholders and stakeholders, with the objective of enhancing long-term shareholders' value.

The Board is pleased to disclose below the manner and the extent of which it has applied the principles and complied with the recommended best practices set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and the governance standards prescribed in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") throughout the financial year ended 31 December 2016. In addition, the Board is also mindful of the recommendations documented in the proposed Malaysian Code on Corporate Governance 2016 in strengthening the sustainability framework for better governance and controls.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions Reserved For The Board And Those Delegated To Management

The respective roles and responsibilities of the Board and Management are clearly set out and understood by both parties to ensure ownership and accountability.

The Board has overall responsibility for corporate governance, strategic direction, corporate risk management and overseeing the investment and business of the Group. The Board has adopted a Board Charter that clearly defines its role, functions, composition, operation and Board processes. The Board Charter serves as a source of reference providing guidance and clarity to prospective and existing Board members and Management in relation to the Board's role, powers and duties and functions, processes and procedures for the Board and its Committees in discharging its stewardship effectively and efficiently.

The Board is responsible for developing and agreeing with the Deputy Executive Chairman, Managing Director and Deputy Managing Director, the Group's corporate objectives and performance goals to be met by the Management.

Management is responsible for managing the effective running of the Group's business activities in accordance with the direction and delegation of the Board. Management meets regularly to discuss and resolve operational matters. The Managing Director and Deputy Managing Director, supported by six (6) Executive Directors brief the Board on business operations progress and management initiatives taken to address changing market conditions during board meetings.

The Board, in consultation with Management, has put in place Discretionary Authority Limits ("DAL"), which clearly sets applicable approval thresholds, including those reserved for the Board's approval and those which the Board may delegate to the Managing Director and Management. The Management are accountable to the Board on the following roles:-

- review the Group's strategies and their implementation in all key areas of the Group's activities;
- carry out a comprehensive budgeting process and monitor the Group's financial performance against the budget; and
- identify risks and opportunities affecting the Group's activities and find ways in dealing with them.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

1.1 Clear Functions Reserved For The Board And Those Delegated To Management (Cont'd)

Board Members Role	Key Role & Responsibilities
Deputy Executive Chairman	Primary role is to preside over Board Meetings of Directors and ensure an effective deliberation by all Board members in line with good corporate governance best practices.
Managing Director	Assumes overall responsibilities for the timely implementation of operating policies and execution of the Group's strategies in line with the Board's direction, monitor monthly progress and drives performance towards achieving its Annual Operating Budget and Management Key Performance Indicators ('KPIs').
Senior Independent Non-Executive Director	The Senior Independent Non-Executive Director acts as a point of contact for shareholders and other stakeholders with concerns which have not been resolved or those deemed inappropriate to be communicated through the normal official organizational channels.
Independent Non-Executive Director	Independent Non-Executive Directors review, monitor and query Management performance results against the Annual Operating Budget and KPIs while sharing their external perspective, professional experience and wisdom to enhance on the decision-making process.

The Board retains full and effective control and responsibility for the Group. This includes the following six specific responsibilities in the discharge of its duties:-

- Reviewing and adopting the Annual Operating Budget for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed. The Board plays a supportive yet watchful role over the performance of Management;
- Reviewing principal risks to ensure the implementation of appropriate systems to manage these risks;
- Overseeing the succession planning and composition of the Board;
- Maintaining shareholders and investors relations for the Company; and
- Reviewing the adequacy and integrity of the Group's internal control and management systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Board activities undertaken in the financial year ended 31 December, 2016 covers the following areas:-

a. Reviewed and adopted the Annual Operating Budget;
b. Monitored the conduct of the Group's business to evaluate whether the business is being properly managed;
c. Identified principal risks of the Group's business activities and evaluated mitigation factors to be implemented;
d. Approved share-buyback transactions during the financial year;
e. Approved the property acquisition with leaseback arrangement to increase the Group's property asset portfolio;
f. Assessed the adequacy and integrity of the Group's internal controls and management systems, including compliance framework with applicable laws, regulations, rules, directives and guidelines; and
g. Introduced code of ethics and corporate behavior standards for the Group's employees.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

1.1 Clear Functions Reserved For The Board And Those Delegated To Management (Cont'd)

In overseeing the conduct of the Group's business, the Board had ensured that a combined financial planning, operating and reporting framework with an embedded risk management framework was established. Elements under this combined framework included the operating plan and budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

The Board Charter is available on the Company's website at www.harnlen.com.my and will be reviewed when necessary to ensure that the Charter remains consistent with the Board's objectives, current laws and practices. The Board Charter was last reviewed on 25 February 2016.

In addition, the Board has also delegated certain responsibilities to several Board Committees such as the Audit Committee, Nominating Committee and Remuneration Committee which operate within clearly defined Terms of Reference ("TOR"). The TOR of Audit Committee and Nominating Committee are available on the Company's official website under www.harnlen.com.my.

1.2 Code Of Ethics And Conduct

A formal Code of Ethics is designed to guide the Group's Directors towards achieving the highest standards of behavior in our business dealings. The Board adheres to the code of conduct expected of Directors as set out in the Company's Directors' Code of Ethics established by the Companies Commission of Malaysia.

For Group's employees, they are required to observe and adhere to a Standard of Conduct, which sets out the Code of Ethics, the Misuse of Position, Confidentiality rules and the Breach of Discipline. The Standard of Conduct aims to instill good conduct, integrity, professionalism and ensure good corporate practices among the Group's employees.

The Code of Ethic and Conduct is detailed in the Board Charter which is available on the Company's official website under www.harnlen.com.my.

To further support the Group's commitment in conducting our business with honesty and integrity and as a check and balance mechanism, the Group has adopted a Whistle-blowing Policy which sets out the principles and grievance procedures for employees to raise genuine concerns of possible improprieties perpetrated within the Group.

The Whistle-blowing Policy can be referenced online at www.harnlen.com.my.

Mr. Loh Wann Yuan is the Senior Independent Non-Executive Director, and should there be any concern or query pertaining to the Group, he will be the main contact person.

1.3 Strategies To Promote Sustainability

The Board is mindful of the importance of building a sustainable business and is committed to the promotion of industry best practices in order to stay relevant and remain competitive in sectors that the Group operates. The Board recognises that enhancing sustainability is a long-term commitment and therefore takes into consideration the environmental, social and governance impact when developing its sustainability agenda and initiatives.

In pursuit of the sustainability objective, the Group strives to provide a safe workplace for its employees and to strictly adhere to sound environmental standards to ensure pollution levels are kept to a minimum in respect of its oil palm activities. The Group also aims to reduce occupational injuries, prevent pollution at its source and optimise the use of natural resources.

The Board also acknowledges the importance of attracting and retaining key management personnel and as such has made concerted efforts to identify and groom middle management at all key areas, as an integral part of the management's succession plan.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

1.3 Strategies To Promote Sustainability (Cont'd)

The plan includes offering a competitive remuneration package, providing training and career development opportunities for employees in key functions of the Group's operations.

The Board believes that moving forward, good corporate governance coupled with meaningful and effective corporate responsibility (CR) will have a positive influence on the Group's business strategy and performance.

The Sustainability Report is set out on pages 46 to 49 of this Annual Report.

1.4 Access To Information, Advice And Company Secretaries

The Board has unrestricted and immediate access to Management and all information on the Group's affairs. To ensure timely information is supplied to the Board members and to allow ample time for them to consider the relevant information before the Board meetings, Board papers (together with a detailed agenda in the case of a meeting) are furnished to Board members at least 7 days in advance of each Board meeting.

Additionally, Senior Management are invited to attend Board meetings as and when required, to provide the Board with the necessary information and clarification on issues deliberated during the meetings. All deliberations, discussions and decisions of the Board meetings are properly recorded accordingly.

The Directors also have full and unrestricted access to the advice and services of the Divisional Heads and Company Secretaries.

The Company Secretaries ("Co. Secs") play an advisory role to the Board on matters pertaining to compliance of procedures, including the appointment of new Directors, rules and regulatory requirements. They attend and ensure all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company.

All the Co. Secs of the Company have legal credentials, and are qualified to act as Co. Secs under Section 235 of the Companies Act 2016 and have attended relevant training and seminars to keep abreast with the statutory and regulatory requirements' updates.

The Board may consult with employees of the Group and seek additional information where appropriate. The Chairman of the Board Committees brief and update the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committee. The minutes of the Board Committee meetings are also presented to the Board for information.

All Directors are entitled, whether via the Board or in their individual capacity, to take independent professional advice at the Company's expense where necessary in the furtherance of their duties. A Director may consult the Chairman or other Board members prior to seeking any independent professional advice.

2. STRENGHTEN COMPOSITION

2.1 Nominating Committee

The Nominating Committee ("NC") consists entirely of Independent Non-Executive Directors (INEDs) has been formed to assist the Board in ensuring that the Board comprises members with the appropriate mix of skills and experience, as well as to ensure a proper balance between Executive Directors and INEDs. The current NC Chairman is also the Senior Independent Director and able to contribute effectively to the NC in view of his extensive boardroom and legal experiences. Meetings of the NC are held at least once a year or as and when deemed fit and necessary.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

2. STRENGHTEN COMPOSITION (Cont'd)

2.1 Nomination Committee (Cont'd)

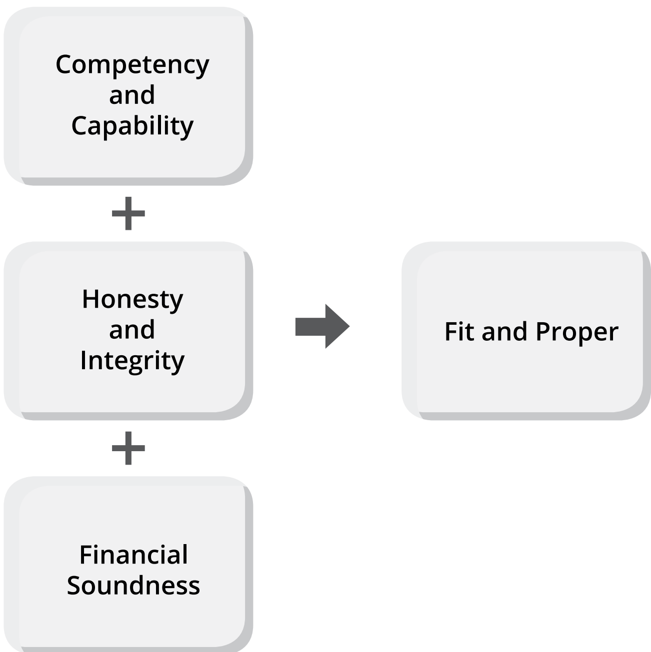
The principal functions and duties of NC are as follows:-

- to consider and recommend to the Board prospective candidates for directorship, proposed by the Management, a Director or a Shareholder, taking into consideration the candidates' skills, knowledge, expertise, experience, time commitment, character, professionalism and integrity;
- to recommend to the Board, eligible candidates for re-election of directors by shareholders during the annual re-election provision or retirement;
- to assess on an annual basis the Board structure, size, composition, core competencies and effectiveness of the Board as a whole and the Board Committees;
- to review annually the independence of Independent Directors; and
- to identify suitable orientation, educational and training programmes for continuous development of Directors.

2.2 Appointment To The Board

The NC is responsible for screening, evaluating and recommending suitable candidates to the Board, for appointment as Directors as well as filling the vacant seats of the Board Committees based on "Fit and Proper" standards and adopt the following five (5) review phases:-

Phase 1 - Identification of candidates,
Phase 2 - Evaluation of suitability of candidates,
Phase 3 - Meeting with candidates,
Phase 4 - Final deliberation by the NC, and
Phase 5 - Recommendation of candidates for Board for approval.



In evaluating the suitability of candidates, the NC considers the following factors before recommending to the Board for appointment:

- skills, knowledge, expertise and experience;
- time commitment to effectively discharge his/her role as a director; and
- character, integrity and competency.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

2. STRENGHTEN COMPOSITION (Cont'd)

2.3 Re-election Of Directors

In accordance with the Company's Constitution, at least one-third (1/3) of the Directors (including Managing Director) be subject to re-election by rotation at each Annual General Meeting ("AGM"), provided always that all Directors shall retire from office at least once in every three years but shall be eligible for re-election. The Directors who retire in each year are the Directors who have been longest in office since their last election.

The Constitution of the Company also provides that Directors who are appointed during the financial year are subject to retirement and re-election by the shareholders at the AGM following their appointment.

Upon the recommendation by the NC, the following Directors shall retire by rotation at the forthcoming AGM of the Company pursuant to Article 84 of the Constitution and being eligible, have offered themselves for re-election:-

(a) Mr Loh Wann Yuan
(b) Mr Low Kok Yong
(c) En Mohamed Akwal bin Sultan Mohamad

At the 16th Annual General Meeting of the Company held on 29 June 2016 ("16th AGM"), Brig. Jen. (B) Dato' Ali Bin Hj. Musa, Mr Law Piang Woon and Mr Lee Chon Sing who were over the age of 70 years old, were re-appointed as Directors of the Company pursuant to Section 129 (6) of the Companies Act 1965 which their term of office will lapse at the conclusion of 17th AGM. The Board had endorsed NC's recommendation for the re-appointment of Brig. Jen. (B) Dato' Ali Bin Hj. Musa, Mr Law Piang Woon and Mr Lee Chon Sing, who have offered themselves for re-appointment, to be re-appointed as Directors of the Company at the forthcoming AGM. Subsequently, Brig. Jen. (B) Dato' Ali Bin Hj. Musa, Mr Law Piang Woon and Mr Lee Chon Sing shall be subject to retirement by rotation in future.

2.4 Annual Assessment

The NC has a formal assessment mechanism to assess the effectiveness of the Board as a whole and the contribution of each individual director.

During the financial year 2016, the NC held one (1) meeting for the following:
- Reviewed the Performance Evaluation Forms for Director and Board Committees;
- Reviewed the effectiveness of the Board as a whole and of the Board Committees; and
- Annual assessment of the Independent Directors and Audit Committee members.

The assessment criteria used in the assessment of Board, Board Committees and individual Director include mix of skills, experience, relevant expertise, quality of inputs and understanding their roles, duties and responsibilities.

Based on the reviews, the NC has made the following observations:
- The composition of the Board was well-constructed with Directors possessing the right mix of skills and experience, relevant to the business activities and supportive of the continuous growth of the Group; and
- The composition of Board Committees were appropriately structured to meet the roles they are required to play.

The Board comprises a broad mix of individuals with relevant working experiences, which encompass Plantation Management, Transportation & Logistic, Hotel & Property Management, Risk Management, Legal, Accounting & Tax and Government Relations.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

2. STRENGHTEN COMPOSITION (Cont'd)

2.5. Gender, Ethnicity And Age Group Diversity Policy

The Board is cognisant of the gender diversity recommendation promoted by MCCG 2012 pertaining to the need to establish a policy formalising the approach to boardroom diversity and to set targets and measures for the adoption of the said recommendation. Presently, there is one (1) existing female Director on the Board of the Company.

The Board does not have a specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and does not have specific policy on setting target for female candidates in the workforce. The Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment.

The Board believes that it is not a detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. In identifying suitable candidates for appointment to the Board, the NC will consider candidates based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company and with due regard for the benefits of diversity on the Board.

Tabulated below the Directors' Age Group.

Age Group	Executive Directors	Non-Executive Directors	Total Directors
Below 35 Years Old	2	0	2
36 to 65 Years Old	5	2	7
Above 65 Years Old	1	2	3
Total	**8**	**4**	**12**

2.6 Remuneration Committee ("RC")

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The RC comprises wholly or mainly of NEDs. The RC recommends to the Board the remuneration and entitlements of all Directors (including the NEDs) and the Board will decide on the recommendations of the RC. The approval for Directors' remuneration rests with the Board as a whole with the Directors concerned abstaining from voting and deliberating on decisions in respect of their own remuneration package.

The Executive Directors' remuneration package comprises a fixed component which includes a monthly salary and benefits-in-kind/emoluments. The Executive Directors' package has been benchmarked against the market and industry practice, and compared with peer companies of similar size and complexity. The Remuneration Policy will be consider and adhered to the following guidelines:-

- the Group's performance for the financial year;
- for NEDs, the remuneration is in line with the level of contribution and commitment entrusted upon them, including the level of expertise, technical skills and relevant working experience; and
- the Group's policy with regards to Directors' fees, salaries, allowances, bonuses and benefits-in-kind and retirement benefits.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

2. STRENGHTEN COMPOSITION (Cont'd)

2.6 Remuneration Committee ("RC") (Cont'd)

The details of the remuneration of the Directors of the Company for the financial year ended 31 December 2016 are as follows:

Directors' Remuneration	Executive Director	Non-Executive Directors	Total
Component	RM'000	RM'000	RM'000
Director Fees	-	200	200
Meeting & Other Allowances	33	178	211
Salary & other emoluments	5,026	-	5,026
EPF	793	-	793
Benefit-in-kind	246	-	246
Total	**6,098**	**378**	**6,476**

The number of Directors of the Company whose total remuneration for the financial year ended 31 December 2016 that fall within the following band is as follows:

Range of Remuneration	Number of Executive Directors	Number of Non- Executive Directors
RM50,001 to RM100,000	-	3
RM100,001 to RM200,000	-	1
RM500,001 to RM600,000	1	-
RM600,001 to RM650,000	3	-
RM700,001 to RM750,000	1	-
RM950,001 to RM1,000,000	2	-
RM1,100,001 to RM1,150,000	1	-

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment Of Independence

The Board, through the NC, assesses the independence of the INEDs on an annual basis by taking into account the individual Director's ability to exercise independent judgement at all times and based on the criteria set out in the MMLR of Bursa Securities. This is in line with Recommendation 3.1 of the MCCG 2012, as one of the factors is in determining the NED's eligibility to stand for re-election.

Based on the assessment on the independence of all Independent Directors in 2016, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company, as well as ability to resolve problems based on clarity and understanding of all subject matters during deliberations at Board meetings.

The INEDs are not employees and they do not participate in the day-to-day management of the Group. They bring an external perspective, constructively challenge and assist to develop proposals on strategy, scrutinize the performance of the Management in meeting approved objectives and goals, and monitor the risk profile of the Company's business and the reporting of quarterly business performances.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

3. REINFORCE INDEPENDENCE (Cont'd)

3.2 Tenure Of Independent Director

The Board is aware of the tenure of an Independent Director should not exceed a cumulative term of nine (9) years, as recommended under the MCCG 2012. However, the NC is of the opinion that the 3 Independent Directors having exceeded the 9 years term of service have diligently discharged their Board duties effectively and have offered themselves for re-election by the Shareholders at the AGM to be held on 6 June 2017.

Tabulated below is the Board's individual tenure period of service as at 31 March, 2017:-

Name of Director	Directorship	Appointment Date	Tenure Period of Service
Puan Sri Datin Chan Pui Leorn	Deputy Executive Chairman	01.03.2011	6
Mr Low Quek Kiong	Managing Director	25.02.2003	14
Mr Low Kueck Shin	Deputy Managing Director	25.02.2003	14
Mr Low Kwek Lee	Executive Director	25.02.2003	14
Mr Low Kuek Kong	Executive Director	25.02.2003	14
Mr Lee Chon Sing	Executive Director	15.04.2002	15
Mr Low Kok Yong	Executive Director	01.01.2014	3
Mr Low Kok Yaow	Executive Director	01.01.2015	2
Mr Loh Wann Yuan	Senior Independent Non- Executive Director	15.04.2002	15
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	Independent Non- Executive Director	25.02.2003	14
Mr Law Piang Woon	Independent Non- Executive Director	05.08.2003	14
En Mohamed Akwal Bin Sultan Mohamad	Independent Non- Executive Director	28.03.2014	3

3.3 Separation Of Positions Of The Chairman And Managing Director

The Board of Directors which comprises of twelve (12) members, of whom eight (8) are Executive Directors and four (4) are Independent Non-Executive Directors. The Board recognises the importance of having a clearly accepted division of functions and responsibilities to ensure a balance of power and authority. It is the policy of the Board to keep the roles of the Chairman and the Managing Director separate.

Presently, Puan Sri Datin Chan Pui Leorn, the Deputy Executive Chairman is not an Independent Director, which is a departure from Recommendation 3.4 of the MCCG 2012, as well as a departure from Recommendation 3.5 of the MCCG 2012, that stipulates that the Board must comprise a majority of Independent Directors, if the Deputy Executive Chairman is not an Independent Non-Executive Director. However, the NC had considered this anomaly and are of the opinion that it will not disadvantage our Company as the Deputy Executive Chairman will bring her vision and aspirations to our Group activities. Under Puan Sri Datin Chan Pui Leorn's leadership, she demonstrates robust and adopts an effective deliberation process with openness during discussions on Board agenda items, always with a focus on how to create sustainable value for the Group and its stakeholders. In addition, our Board is comfortable that there is no undue risk involved as all related party transactions are diligently reviewed by the Audit Committee in accordance with the Listing Requirements of Bursa Securities before they are tabled to the Board for approval based on the Audit Committee's recommendation.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

3. REINFORCE INDEPENDENCE (Cont'd)

3.3 Separation Of Positions Of The Chairman And Managing Director (Cont'd)

The Deputy Executive Chairman carries out a leadership role to guide and mediate the Board to ensure that the highest standard of corporate governance is practiced in meeting the stakeholders' objective.

The position of the Managing Director in essence is to ensure the effective implementation of the Group's Annual Operating Budget and to ensure policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operation. The Managing Director, in association with the Deputy Executive Chairman and Deputy Managing Director are accountable to the Board for the achievement of the Group's goals and objectives.

The Managing Director role is to ensure the execution of the Group's Annual Operating Budget, performance benchmarks to achieve the business objective and maximise the return to stakeholders. He is to oversee the human capital resources of the organisation with respect to succession planning, discipline, occupational safety and health with the objective of providing a safe and healthy working environment for all employees.

The Independent Directors as a group is a strong element to the Board. The role of the Independent Directors is particularly important in ensuring that the long term interests of shareholders, employees, customers, suppliers and many communities in which the Group conducts business with are being looked after. With their extensive knowledge, experience and expertise, the Independent Directors would be able to provide the necessary check and balance to the Board's decision-making process.

All shareholders are fairly represented on the Board. The investment of minority shareholders is fairly represented by the four (4) Independent Directors who make up one-third (1/3) of the Board.

3.4 Board Composition

At the date of this report, the Board consists of twelve (12) members of whom four (4) are Independent Non-Executive Directors and eight (8) are Executive Directors. The present composition of the Board complies with Paragraph 15.02(1) of the MMLR of Bursa Securities whereby at least one-third (1/3) of the Board must be made up of Independent Directors.

A brief description of the background of each Director is presented on pages 14 to 19 of this Annual Report.

4. FOSTER COMMITMENT

4.1 Time Commitment

All Directors are expected to give sufficient time and attention to carry out their responsibilities. The Board Charter sets out a policy where a director shall notify the Chairman officially before accepting any new directorships in other companies and the notification shall explain the expectation and an indication of time commitment that will be spent on the new appointments.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board and Board Committee meetings for the financial year 2016, as set out in the table below.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

4. FOSTER COMMITMENT (Cont'd)

4.1 Time Commitment (Cont'd)

a. Board Meetings

The Board is required to meet at least four (4) times a year which is scheduled at quarterly intervals, with additional meetings convened when necessary.

During the year, five (5) Board Meetings were held to deliberate and resolve significant issues in relation to strategic, operational, financial, corporate and regulatory matters affecting the Group. Details of the attendance of the Directors are as follows:-

Name of Directors	Directorship	Attendance
Puan Sri Datin Chan Pui Leorn	Deputy Executive Chairman	5/5
Mr Low Quek Kiong	Managing Director	5/5
Mr Low Kueck Shin	Deputy Managing Director	5/5
Mr Low Kwek Lee	Executive Director	5/5
Mr Low Kuek Kong	Executive Director	5/5
Mr Lee Chon Sing	Executive Director	5/5
Mr Low Kok Yong	Executive Director	5/5
Mr Low Kok Yaow	Executive Director	5/5
Mr Loh Wann Yuan	Senior Independent Non- Executive Director	5/5
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	Independent Non- Executive Director	4/5
Mr Law Piang Woon	Independent Non- Executive Director	4/5
En Mohamed Akwal Bin Sultan Mohamad	Independent Non- Executive Director	5/5

All Directors have complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2016 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities.

Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

b. Audit Committee ("AC")

The composition of AC and details of attendance of each member at the Committee meeting held during the financial year ended 31 December 2016 are set out below:

Directors	Directorship	Attendance
Mr Loh Wann Yuan	Chairman/Senior Independent Non-Executive Director	8/8
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	Independent Non-Executive Director	6/8
Mr Law Piang Woon	Independent Non-Executive Director	7/8
En Mohamed Akwal Bin Sultan Mohamad	Independent Non-Executive Director	8/8

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

4. FOSTER COMMITMENT (Cont'd)

4.1 Time Commitment (Cont'd)

b. Audit Committee ("AC") (Cont'd)

Further details of the AC including its activities during the year under review are disclosed in the Audit Committee Report contained in this Annual Report.

c. Nomination Committee

The composition of the NC and details of attendance of each member at the Committee meeting held during the financial year ended 31 December 2016 are set out below:

Directors	Directorship	Attendance
Mr Loh Wann Yuan	Chairman/Senior Independent Non-Executive Director	1/1
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	Independent Non-Executive Director	-
Mr Law Piang Woon	Independent Non-Executive Director	1/1
En Mohamed Akwal Bin Sultan Mohamad	Independent Non-Executive Director	1/1

d. Remuneration Committee

The composition of the RC and details of attendance of each member at the Committee meeting held during the financial year ended 31 December 2016 are set out below:

Directors	Directorship	Attendance
Mr Loh Wann Yuan	Chairman/Senior Independent Non-Executive Director	1/1
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	Independent Non-Executive Director	1/1
En Mohamed Akwal Bin Sultan Mohamad	Independent Non-Executive Director	1/1
Mr Lee Chon Sing	Executive Director	1/1

4.2 Number of Directorship of Each Director

To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one criterion as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold directorships of more than five (5) public listed company (as prescribed in Paragraph 15.06 of the MMLR of Bursa Securities) and must be able to commit sufficient time to the Company's matters.

All the Directors are duly advised to observe the recommendation of the MCCG 2012 that they are required to notify the Chairman before accepting any new directorships and to indicate the time expected to be spent on the new appointments.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

4. FOSTER COMMITMENT (Cont'd)

4.3 Directors' Training

The Board acknowledges that continuous education is vital in keeping them abreast with corporate developments. The Directors have constantly been updated with relevant reading materials and technical updates which will enhance their knowledge and equip themselves with the necessary skills to effectively discharge their duties as Directors of the Company.

The NC is tasked with recommending suitable professional educational and training programmes and will put in place training programmes for new Board members.

All the Directors have attended and successfully completed the Mandatory Accreditation Programme as specified by Bursa Securities.

During the financial year ended 31 December 2016 and up to the date of this report, the Directors have attended the following courses:-

Director	Course Title	Trainer / Organiser	Date
Puan Sri Datin Chan Pui Leorn	- Annual Report Disclosure Guidelines & Sustainability Reporting	Terus Mesra Sdn Bhd	05-10-2016
Mr Low Quek Kiong	- Annual Report Disclosure Guidelines & Sustainability Reporting	Terus Mesra Sdn Bhd	05-10-2016
Mr Low Kueck Shin	- Continuing professional Development Seminar	Institute of Approved Companies Secretaries	29-01-2016
	- Companies Secretaries Training Programme Essential (Part C)	Suruhanjaya Syarikat Malaysia	17-03-2016
	- Continuing professional Development Seminar	Institute of Approved Companies Secretaries	25-03-2016
	- Best Practices For Annual Report Presentation	Malaysian Institute of Chartered Secretaries & Administrators	20-05-2016
	- Annual Report Disclosure Guidelines & Sustainability Reporting	Terus Mesra Sdn Bhd	05-10-2016
	- SSM Compass on companies bill 2015 & Interest schemes bill 2015	Suruhanjaya Syarikat Malaysia	09-11-2016
Mr Low Kwek Lee	- Annual Report Disclosure Guidelines & Sustainability Reporting	Terus Mesra Sdn Bhd	05-10-2016
Mr Low Kuek Kong	- Annual Report Disclosure Guidelines & Sustainability Reporting	Terus Mesra Sdn Bhd	05-10-2016
Mr Lee Chon Sing	- Annual Report Disclosure Guidelines & Sustainability Reporting	Terus Mesra Sdn Bhd	05-10-2016
Mr Loh Wann Yuan	- Annual Report Disclosure Guidelines & Sustainability Reporting	Terus Mesra Sdn Bhd	05-10-2016
Brig. Jen. (B) Dato' Ali Bin Hj Musa	- Annual Report Disclosure Guidelines & Sustainability Reporting	Terus Mesra Sdn Bhd	05-10-2016
Mr Law Piang Woon	- Annual Report Disclosure Guidelines & Sustainability Reporting	Terus Mesra Sdn Bhd	05-10-2016
	- Updates on Malaysia/Regional Politics & Economy	Asean Academy Corporate Administration Sdn Bhd	22-11-2016

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

4. FOSTER COMMITMENT (Cont'd)

4.3 Directors' Training (Cont'd)

Director	Course Title	Trainer / Organiser	Date
Mr Low Kok Yong	- Annual Report Disclosure Guidelines & Sustainability Reporting	Terus Mesra Sdn Bhd	05-10-2016
En Mohamed Akwal Bin Sultan Mohamad	- The Strategy, the Leadership, the Stakeholders & Board	Bursa Malaysia Bhd	06-05-2016
	- Directors' Training Corporate Governance Guide (2nd edition)	Boardroom Corporate Services (KL) S/B	23-05-2016
Mr Low Kok Yaow	- Annual Report Disclosure Guidelines & Sustainability Reporting	Terus Mesra Sdn Bhd	05-10-2016

In addition, during the financial year under review, all Directors were also advised of developments and changes to relevant laws and regulatory requirements. The Company also identified suitable training and education programmes for their participation.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Directors are responsible for presenting a balanced, and easy to comprehend assessment of the Group's position and prospects to shareholders, investors and regulatory authorities. The quarterly results and annual financial statements are reviewed by the AC and recommended to the Board for approval before releasing to the public, via the Bursa website. The AC also reviews the appropriateness of the Company's and Group's accounting policies and the changes to these policies as well as ensures the financial statements comply with accounting standards and other regulatory requirements with the Management and the External Auditors.

The Statement of Directors pursuant to Section 251 of Companies Act 2016 is set out on page 139 whereas the Statement of Directors' Responsibility pursuant to Paragraph 15.26(a) of the MMLR of Bursa Securities is on page 45 of this Annual Report.

The details of the financial statements of the Company are set out on pages 56 to 139 of this Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

Through the AC, the Company has established a formal and transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the relevant accounting standards. It is the policy of the AC to meet with the external auditors at least once a year to discuss their audit plan, audit findings and the Company's financial statements.

During the year under review, the AC held two (2) private sessions, once with the outgoing EA, KPMG PLT and once with the present EA, Deloitte PLT without the presence of the EDs and Management.

In addition, the external auditors are also invited to attend the Annual General Meeting ("AGM") of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (Cont'd)

5.2 Assessment of Suitability and Independence of External Auditors (Cont'd)

The AC is responsible for the annual performance review and nomination appointment or re-appointment by the Board of the Company's external auditors. Each year, the AC will evaluate the external auditors in fulfilling their duty to make an informed recommendation to the Board whether to retain the auditors. The annual review and assessment of the quality of audit is carried out through an assessment checklist based on four (4) key areas covering quality of the service provided; sufficiency of audit firm resources; quality of the communication and interactions with the external auditors and the independence, objectivity and professional skepticism.

As part of the evaluation process, the AC may also request the Chief Financial Officer and the finance personnel (who have substantial contact with the external audit team) to perform the annual assessment of the external auditors. After having satisfied itself with their performance, the AC had recommended the re-appointment of Deloitte PLT to the Board.

In view of the outcome of the evaluation with the support of AC's recommendation, the Board had approved the AC's recommendation for the shareholders' approval to be sought at the forthcoming AGM on the re-appointment of Deloitte PLT as EA of the Company for the financial year ending 31 December 2017.

The external auditors in their Audit Memorandum confirmed their independence to the AC before their commencement on the statutory audit of the Group.

For the Financial Year ended 31 December, 2016, the external auditors provided both audit and non-audit related services as follows:-

	RM
• Statutory financial audit for Financial Year Ended 2016	RM171,000
• Review of the Statement of Risk Management and Internal Controls	RM5,000
• Review of the Statement of Realised and Unrealised Profits	RM5,000
• Review of Annual Report	RM5,000
• Review of Other Supplementary Information	RM5,000

The Audit Committee was also satisfied in its review that the provision of the non-audit services by Deloitte PLT to the Company for the FYE2106 did not in any way impair their objectivity and independence as external auditors of the Company.

6. RECOGNISE AND MANAGE RISKS

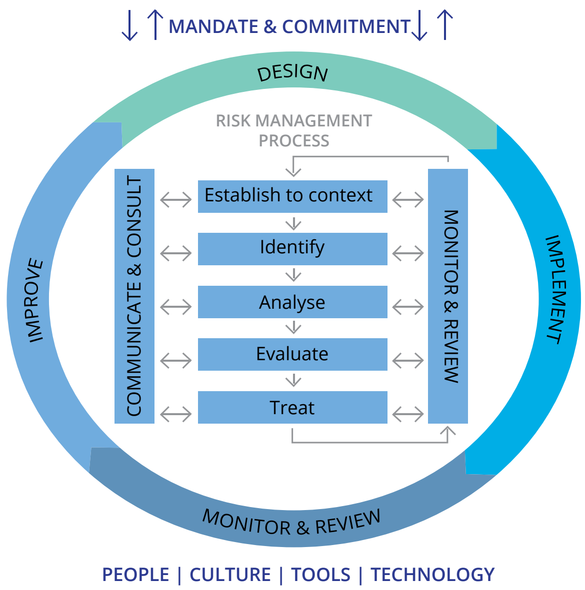
6.1 Sound Framework to Manage Risks

The Directors acknowledge their responsibility for the Group's internal controls system covering not only financial controls but also operational and compliance controls as well as risk management. The internal controls system involves each business unit and key management from each business unit, including the Board, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. The system, by its nature, can only provide reasonable but not absolute assurance against material misstatements, losses and fraud.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

6. RECOGNISE AND MANAGE RISKS (Cont'd)

6.1 Sound Framework to Manage Risks (Cont'd)



The above Risk Management framework is adopted to ensure high level of employee awareness in addressing and treating risk challenges.

The AC and Board review the adequacy and integrity of the Group's internal controls system. The Statement on Risk Management and Internal Control which provides an overview of the state of risk management and internal controls within the Group, is set out on pages 52 to 53 of this Annual Report.

6.2 Internal Audit Function

The Group's internal audit function is outsourced to Ernst & Young, to assist the Board and the AC in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal controls system.

During the financial year ended 31 December 2016, the outsourced internal audit function assisted the AC in discharging its duties and responsibilities by executing independent reviews to determine the effectiveness and efficiency of the Group's internal controls system. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The activities of the Internal Auditors during the financial year were set out in the Audit Committee Report on pages 50 to 51.

The information on the Group's risk management and internal control is presented in the Statement of Risk Management and Internal Control as set out on pages 52 to 53 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Company recognises the value of transparent, consistent and coherent communications with the investing community consistent with commercial confidentiality and regulatory considerations.

The Company is committed to ensure that communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

The Company is guided by the Corporate Disclosure Guide issued by Bursa Securities with the consultation of the Company Secretaries, advisers and/or other service providers.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Group's website, namely harnlen.com.my is updated regularly, for shareholders and the public to gain access to corporate information, news and events relating to the Group. Investors and members of the public who wish to contact the Group on any matters pertaining to their shareholdings, investments and/or the Group's business undertakings can channel their enquires through e-mail via the Company's website.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation At General Meetings

The Board fully recognises the rights of shareholders and encourages them to exercise their rights at the Company's AGM.

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and Annual Reports are sent out to shareholders at least twenty-one (21) days before the date of the meeting in accordance with the Company's Constitution. At the meeting, the Management makes a presentation on the year's financial results and business activities.

The date, venue and time of the AGM are determined to provide the maximum opportunity for as many shareholders as possible to attend and participate either in person, by corporate representative or by proxy.

8.2 Encourage Poll Voting

Recommendation 8.2 of the MCCG 2012 recommends that the Board should encourage poll voting for substantive resolutions. In line with this recommendation, the Executive Deputy Chairman informs the shareholders of their right to demand a poll vote at the commencement of the General Meeting.

During the year, In line with the best practice of Corporate Governance, the substantive resolutions has passed by way of poll voting at the 16th AGM. Subsequently, in line with the revised MMLR of Bursa Securities, all resolutions tabled at the Company's Extraordinary General Meeting held on 12 October 2016 were voted on poll. Leveraging on information technology for effective meeting procedures, an electronic polling system was put in place whereby all shareholders of the Company participated in the polling exercise. An independent scrutineer was appointed to validate the poll results and the decision of the each resolution put to poll as well as the name of the independent scrutineer was also announced to Bursa Securities on the same day of the general meeting.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (Cont'd)

8.3 Communication with Shareholders and Investors

The Board is committed in maintaining effective communication with its shareholders, stakeholders and the public in general. The objective is to provide timely and transparent communication and to enable shareholders to make effective and informed investment decisions.

The various channels of communication with the shareholders are as follows:-
a. The Annual Report;
b. The Annual General Meeting;
c. The various corporate disclosures and announcements made to Bursa Securities;
d. The Company's website, namely www.harnlen.com.my

The AGM is an excellent forum for dialogue with all shareholders for which due notice is given. The AGM is also an opportunity for shareholders to direct questions to the Board in relation to the Group's financial performance and the Group's activities.

At the last AGM, the Deputy Executive Chairman encouraged the shareholders to participate in the Questions and Answers session on the resolutions being proposed and on the Group's operations in general. The Directors, Managing Director, Management and external auditors were in attendance to respond to the shareholders' queries.

The Board believes that on-going communication with shareholders is vital for shareholders and investors to make informed investment decisions.

COMPLIANCE STATEMENT

This Statement on the Company's corporate governance practices is made in compliance with the MMLR of Bursa Securities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are legally required to prepare financial statements for each financial period/year which give a true and fair view of the state of affairs of the Company at the end of the financial period/year and of the results of the Company for the financial period/year then ended.

The Directors consider that in preparing the financial statements:-

i) the Company has used appropriate accounting policies and applied them consistently;

ii) reasonable and prudent judgments and estimates were made; and

iii) applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1965, the Companies Act 2016 and applicable approved accounting standards.

The Directors are also responsible for the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This Statement was approved by the Board of Directors on 27 April 2017.

SUSTAINABILITY REPORT
For Financial Year Ended 31 December 2016

Introduction

This report is to summarise and disclose to stakeholders in a more transparent manner how the Company and the Group treat its business activities by implementing responsible practices in relation to governance, social, environmental and other non-financial measures which impact the strategy, operations and its long-term prospects to maximize returns to shareholders.

Sustainability Vision

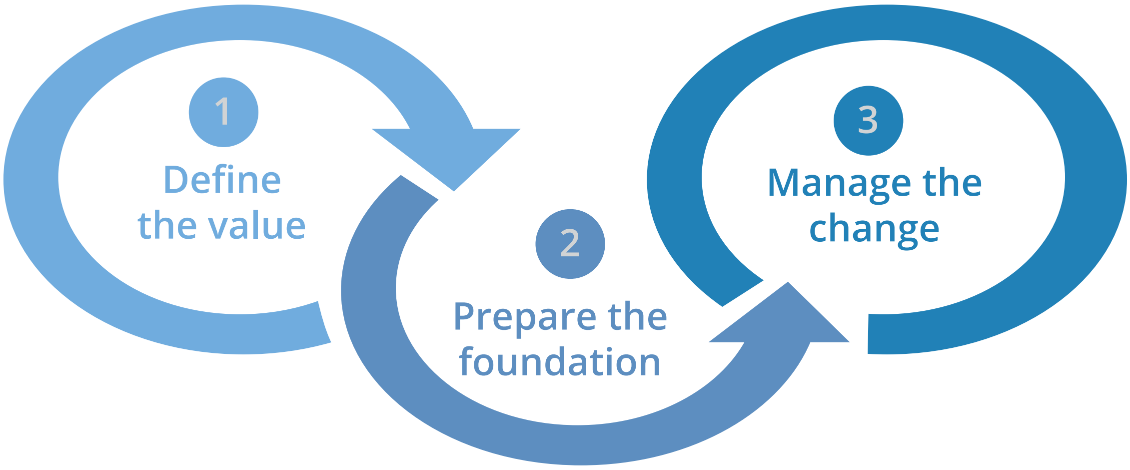
Recognising that managing the Group's activities in a responsible manner must be the driving force of everything we do, to create and improve better lives for those around us from an economic, environmental and social perspective. Progressive efforts to enhance on a performance culture remain an approach to transform the financial and non-financial performance of the Group under the present challenging times.

Guided by the Group's core values towards building a sustainable future for our stakeholders, we inculcate these values into our day-to-day activities as our commitment towards delivering a better performance outcome.

Sustainability Focus

We believe that in order for our business to prosper in the long-term, it is essential to consider the needs of our shareholders, as well as the needs of the communities in which we operate.

Accordingly, the Group focus on economic sustainability, environmental protection and social development as pillars to develop and prosper.



Material Issues

Economic Sustainability	Description of Issues	Degree of Control	Outcome Impact
Capital Management	Restructure the Group's high gearing position to reduce annual finance cost	High	Strengthen the Group's financial flexibility and work towards dividend pay-out in the future
Productivity & Efficiency Improvements	Drive operational sustainability to mitigate cost escalation impact	Medium	Secure better operating margins through cost savings and process improvements

SUSTAINABILITY REPORT

FOR FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

Material Issues (Cont'd)

Environmental Protection	Description of Issues	Degree of Control	Outcome Impact
Energy & Water Consumption	Reduce and minimise environmental damage in the way we conduct our business	Medium	Limit the harmful effects by using less toxic chemicals
Climate Change	Climate trends and its frequency awareness	Low	Deeper understanding on climate change with better activity planning
Social Development	**Description of Issues**	**Degree of Control**	**Outcome Impact**
Safety, Health & Fire	Improve safety and health awareness amongst staff and contractors' workers within the Group's properties	High	Achieve zero accidents with better safeguard measures
Social Responsibility	Employee voluntary service to the community we service beyond financial donations	Low	Gain recognition and better market image through charities and social work for education sponsorships
Leadership & Talent Development	Build teamwork to influence and motivate staff performance achieve KPI targets	Medium	Encourage a sustainable performance culture across the Group's operations

ECONOMIC SUSTAINABILITY

Ethical Performance

The Group's values are reinforced by the Code of Conduct which provide guidance to staff on how to apply work standards and ownership accountability in day-to-day work. It covers, among other things, individual conduct, safeguard Group's assets, employee rights and work responsibilities, the environment, social obligations, legal and regulatory compliance requirements.

The Group enjoys a satisfactory relationship with its employees and workers. Any dispute that arise is fully settled at its lowest level. In the event it cannot be resolved, it will be raised to another level.

Supply Chain Integrity

Annual review of suppliers' performance and fair pricing is carried out by the respective Division's procurement department to assess their business conduct and delivery standards.

ENVIRONMENTAL PROTECTION

Environmental Stewardship

The Group exercise due care in the selection of chemicals or materials for usage by all its operating units to ensure it's safe for use. Proper safety disposal method of any toxic containers with clear labelling is enforced and documented.

Energy & Water Consumption

All operating units are advised to be prudent on the conservation of resources with notice to remind users to limit any unnecessary wastage.

At the Plantation Division, staff adhere to strict instruction on ways to reduce CO_2 emissions to contribute to environment protection.

SUSTAINABILITY REPORT
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

ENVIRONMENTAL PROTECTION (Cont'd)

Climate Change

Proper work activities are planned under the Plantation Division based on weather forecast and reading of past trends to minimise loss time and unproductive work.

SOCIAL DEVELOPMENT

Safety, Health & Fire

We are committed in ensuring a safe working environment for our employees, contractors and visitors with workplace safety practices information. Employees are constantly reminded on keeping safety as a priority and adopt a strong safety culture.

The Group is pleased to report that FYE2016 and FYE2015 were both "Accident Free Year" with no incident of any nature reported by the Group's operating companies.

Social Responsibility

During the year, the Group initiated the following communal activities to benefit the communities that we have business operations:-

Date Held	Social Event	Description of Activity
23.12.2016	Education Award	A yearly event. Cash awards and gifts were given to employees' children with good school results. Employees & their children were also treated to special luncheon and live performances.
11.06.2016	Majlis Berbuka Puasa	Majlis Berbuka Puasa Tropical Inn Hotel with Sekolah Kebangsaan Pengkalan Rinting Johor Bahru. A yearly occasion at our hotel during the month of Ramadan. Orphanages and students from poor families are accompanied by their teachers. Duit Raya and cookies were contributed to them.

Education Award

Majlis Berbuka Puasa

SUSTAINABILITY REPORT

FOR FINANCIAL YEAR ENDED 31 DECEMBER 2016 (Cont'd)

Leadership & Talent Development

The Group's performance assessment process supports employees with setting performance expectations and encourages feedback. Such process is consistent with the Group's business strategy on succession planning activities. This process identify skills gaps for appropriate training needs to help the Group grow.

During the year, the following training programmes were conducted for the Directors and Management staff.

No.	Date of Training	Training Topic
1.	07.03.2016 & 09.03.2016	Bengkel Eksekutif Halal Negeri Johor
2.	14.03.2016	SWOT Analysis
3.	19.05.2016	Cisco Connect Now : Connect To The Future
4.	22.07.2016	Facebook Marketing & Website Training
5.	15.08.2016	Updates on Company Secretarial Practices
6.	05.10.2016	Annual Report Disclosure Guidelines

The Group adopts and commits to attracting, retaining and developing the best people regardless of race, gender, age and religion to promote diversity and inclusiveness.

The Group's talent pool comprises the following staff profile:-

	Executive	Non-Executive	Total
Staff Grade	39	987	1,026
	Male	**Female**	
Gender	889	137	**1,026**
Age Group			
Below 30	207	99	306
30 to Below 40	235	154	389
40 to Below 50	152	86	238
50 and Above	69	24	93
TOTAL	**663**	**363**	**1,026**
Diversity			
Malay	213	134	347
Chinese	67	41	108
Indian	5	3	8
Others	394	169	563
TOTAL	**679**	**347**	**1,026**

AUDIT COMMITTEE REPORT

The Board of Directors of Harn Len Corporation Bhd ("Board") is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2016 as follows:-

1. Members And Meetings

During the financial year ended 31 December 2016 and up to the date of this report, the AC comprised of four members who are all Independent Non-Executive Directors.

A total of eight (8) meetings were held during the financial year. The Directors were briefed on each AC meeting by the Chairman of the AC at the Board meeting. The minutes of all the AC meetings were circulated to all the Directors prior to the Board meetings and noted at the said meetings.

The members of the AC and their attendance of the AC meetings during the year are as follows:-

Name of Committee Member	Designation	Attendance of Meetings
Mr Loh Wann Yuan	Chairman	8 out of 8
Mr Law Piang Woon	Member	7 out of 8
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	Member	6 out of 8
En Mohamed Akwal bin Sultan Mohamed	Member	8 out of 8

2. Authority And Duties

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

3. Summary Of The Activities For Financial Year 2016

During the year, the AC carried out the following activities :

i) Reviewed with the Management the unaudited quarterly financial results and report for Board's approval prior to public release;
ii) Reviewed with the External Auditors the annual audited financial statements of the Company and Group prior to its submission to the Board for approval;
iii) Reviewed the AC Report and the Statement on Risk Management and Internal Control (SRMIC) with the Internal Auditors and External Auditors prior to recommending to the Board;
iv) Reviewed the draft Circular to Shareholders in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature for Board's approval prior to circulation;
v) Reviewed with the Internal Auditors the internal audit plan and the internal audit reports. After review of the internal audit reports, the AC then considered the recommendations including the Management's response, before proposing that the control weaknesses be rectified and recommendations be implemented to the Management at Board Meetings.
AC also reviewed the adequacy and suitability of the resources for the in-house internal team to support the Internal Auditors for implementing and monitoring follow-up actions.
vi) Reviewed with the External Auditors (EA) the external audit plan and deliberated with the EA the external auditors' reports which highlighted significant findings during the course of audit;
vii) Reviewed and assessed the suitability, relevant experience and availability of good technical support prior to recommendation of the appointment of new external auditors to the Board as well as the proposed audit fee for approval;
viii) Reviewed the acquisition of properties for investment during the year.
ix) Reviewed the Minutes of the Enterprise Risk Management Committee and issues arising from the Minutes;
x) Reviewed related party transaction which was related to Management Agreement.

AUDIT COMMITTEE REPORT (Cont'd)

3. **Summary of the Activities For Financial Year 2016** (Cont'd)

xi) Reviewed with Internal Auditors all Recurrent Related Party Transactions of a revenue and trading nature;
xii) Reviewed with Management the annual operating and financial budgets prior to Board approval;
xiii) Reviewed with Management the capital commitments, liquidity position, net current liabilities position, debt service cover ratio, contingent liabilities, bank financing facilities and material litigation of the Group.

4. **Internal Audit Function**

The internal audit function of the Group is outsourced to Messrs. Ernst & Young Advisory Services Sdn Bhd ("EY") who reports directly to the Audit Committee. During the financial year ended 31 December 2016 and up to the date of signing of this statement, there were four (4) meetings held.

The AC had reviewed EY's internal audit plan covering a period of two (2) years commencing 2nd Quarter, 2015. The Board approved the internal audit plan on 1 April 2015.

The Internal Auditors had carried out the following works during the financial year ended 31 December 2016:-

1) Conducted reviews and assessments covering the areas of:
   - Procurement and payment
   - Estate & Oil Mill planning, execution and monitoring
   - Plant and machinery maintenance
   - Health and safety management
   - Payroll and checkroll processing
   - Human resource – Employee performance measurement, evaluation and monitoring
2) Reviewed the policies and procedures of related party transactions and that related party transactions are in compliance with policies and procedures.
3) Conducted follow up with the Management on outstanding audit issues highlighted to ensure key risks and weaknesses were addressed effectively and timely.

The cost incurred for the outsourced internal audit function for the financial year ended 31 December 2016 was RM173,650.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Harn Len Corporation Bhd is pleased to present this Statement on Risk Management and Internal Control for the financial year ended 31 December 2016. This Statement of Risk Management and Internal Control is prepared pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board is committed towards maintaining an effective and sound system of risk management and internal control that supports the achievement of Harn Len Group of Companies' ("the Group") policies, aims and objectives, whilst safeguarding the shareholders' interest and the Group's assets. The Board has in place an on-going process for reviewing the adequacy and the effectiveness of the Group's risk management and internal control system, including system for compliance with relevant laws, regulations, rules, directives and guidelines.

The Board also acknowledges that a sound system of risk management and internal control can only reduce, but cannot eliminate the possibility of poor judgment in decision making, human error, control process being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, the system can only provide reasonable but not absolute assurance against failing to achieve business objectives or all material misstatement, operation failures, fraud, losses or breaches of law or regulations.

RISK MANAGEMENT FRAMEWORK

The Board recognises that having a formal risk management framework in place is essential to ensure proper management of the risks that may impede the achievement of the Group's goals and objectives. An Enterprise Risk Management ("ERM") framework has been implemented to ensure that structured and consistent approaches and methods are practiced in the on-going process of identifying, evaluating, managing and monitoring the significant risks that affect the attainment of the Group's business objectives and goals.

The Board has delegated the responsibility of reviewing the effectiveness of risk management to the Risk Management Committee ("RMC"). The RMC is responsible to implement the Group's risk management policy and report directly to the Board on the results of identification, evaluation and management of significant risks faced by the Group. The RMC has in its meeting reviewed and identified the major risks of the Group.

The respective Heads of Departments and Operational Units are also responsible for managing risks related to their functions on a day-to-day basis. Management meetings are held monthly to ensure that risks faced by the Group are discussed, monitored and appropriately addressed.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an external consultant who reports directly to the Audit Committee. The internal audit function assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control system.

An internal audit plan which sets out the areas to be audited by the Internal Auditors was prepared based on the review of risk reports prepared by the RMC as well as discussions with the management and members of the Audit Committee. The internal audit plan was reviewed and approved by the Audit Committee to ensure adequate coverage before the commencement of the audit work for the year.

During the financial year and up to the date of this statement, the internal auditors have carried out three (3) reviews according to the approved risk-based internal audit plan. The results of the internal audit observations, recommendations, management comments and any necessary corrective actions were reported directly to the Audit Committee. The Management will follow through the implementation status of the management action plans in addressing the findings highlighted by the internal auditors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Cont'd)

OTHER CONTROL PROCESSES

The Board is committed towards maintaining a strong control structure and environment for the proper conduct of the Group's business operations and towards achieving a sound system of internal control.The Group has the following control processes in place for its control environment:

- Organisation structure with clear reporting line.
- All key operating subsidiary companies of the Group are required to prepare budgets for the coming year.
- Documented internal policies and standard operating procedures covering various processes to govern the Group's operations.
- Policies and Procedures are updated where necessary to reflect changes in operations and business requirements. Changes in policies and procedures are timely communicated to all staff members via circulars and internal memorandums.
- Regular Management Meetings held to discuss on the Group's operational and management issues.
- Monthly submission of appropriate reports covering all divisions and departments within the Group for monitoring of actual performance.
- Regular visits to key operating units by Board members and Senior Management, whenever appropriate.
- Employees' competencies are enhanced through continuous training and education programmes.

BOARD ASSESSMENT

While there are areas in the operating and financial controls that can be further improved, the Board is of the view that the Group's overall risk management and internal control system is operating adequately and effectively, in all material aspects, and has received reasonable assurance from the Managing Director and Chief Financial Officer. The Board confirms that the risk management and internal control system has been in place throughout the financial year and up to the date of this statement. The Board is not aware of any material losses incurred during the financial year and up to the date of this statement as a result of weaknesses in internal controls.

ADDITIONAL COMPLIANCE INFORMATION

1. Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred during the year to the External Auditors by the Company and the Group for the financial year ended 31 December, 2016 are as follows :

Audit Fees –

		RM
Deloitte PLT	-	171,000

Non-Audit Fees

i)	KPMG Malaysia	-	2,000
ii)	Local Affiliates of KPMG Malaysia	-	64,866
iii)	Deloitte PLT	-	20,000

2. Material contracts

The following material contracts were entered into within the two (2) years immediately preceding the date of this Annual Report 2016.

i) A Management Agreement ("MA") was entered between with Harn Len Management Sdn Bhd (formerly known as Harn Len Trading Sdn Bhd) (Company No. 656554-M) ["HLMSB"], a wholly-owned subsidiary of Harn Len with Advance Pinnacle Sdn Bhd (Company No. 711412-T) ("APSB"), on 1 June, 2016 for the appointment of HLMSB to manage, harvest and maintain oil palm ("Business Activity") on the Block 19 Melikin Land District (Sheet Ref : P6-1-1, 2, 3, 4) located at in Upin Area, Ensebang Quarry, Balai Ringin, Serian measuring approximately 1845.451 acres and Blocks 18, 19 and 20 Melikin Land District located at Upik, Balai Ringin, Serian measuring approximately 212.07 hectares (524.06 acres) for a period of seven (7) years.

ii) A Sale and Purchase Agreement was entered into with Jotech Metal Fabrication Industries Sdn Bhd (187741-P) on 12 July, 2016 for the acquisition of all that 3 (three) pieces of land together with factory buildings as detailed below on an en-bloc (as a whole) basis free from all charges, liens and encumbrances, at a total purchase consideration of RM18,000,000.00 (Ringgit Malaysia : Eighteen Million Only) :

   a) HS(D) 238650 PTD 115794 measuring approximately 3641.7992 square meters together with a unit of single storey detached factory annexed with 3 storey office building erected thereon and bearing postal address No, 20, Jalan Masyhur 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor

   b) HS(D) 238651 PTD 115795 measuring approximately 3641.7992 square metres together with a unit of single storey detached factory annexed with 3 storey office building erected thereon and bearing postal address No, 22, Jalan Masyhur 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor

   c) GN 49112 Lot 56753 measuring approximately 3642 square metres together with a unit of single storey detached factory annexed with 2 storey office building erected thereon and bearing postal address No, 24, Jalan Masyhur 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor

   all in the Mukim of Plentong, District of Johor Bahru, State of Johor.

3. Contracts Relating To Loan

There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding item.

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

The details of the recurrent related party transactions of revenue or trading in nature undertaken by the Company during the financial period are disclosed in Note 19 to the financial statements.

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

FINANCIAL STATEMENTS

annual report 2016

DIRECTORS' REPORT

The directors of **HARN LEN CORPORATION BHD.** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2016.

PRINCIPAL ACTIVITIES

The Company is principally involved in the cultivation of oil palms, operation of a palm oil mill, property investment and investment holding.

The subsidiaries are principally involved in the cultivation of oil palms, operation of a palm oil mill, investment holding, property investment, transportation services and palm oil estate and plantation management. The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the holding company in each subsidiary is as disclosed in Note 14 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit (Loss) for the year attributable to:		
Owners of the Company	(8,339,831)	(11,704,949)
Non-controlling interests	3,457,444	-
	(4,882,387)	(11,704,949)

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

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any final dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

DIRECTORS' REPORT (Cont'd)

TREASURY SHARES

During the current financial year, the Company purchased 5,539,000 units of its own shares through purchases on Bursa Malaysia Securities Berhad, as disclosed in Note 22 to the financial statements. The total amount paid for the acquisition of the shares was RM5,043,321 and this has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM0.91 per share. The repurchased shares are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act, 2016.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had 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:

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (Cont'd)

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(b) any contingent liability of the Group and of the Company 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 as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The Directors of the Company in office during the financial year and during the period from end of the financial year to the date of this report are:

Puan Sri Datin Chan Pui Leorn
Low Quek Kiong
Low Kueck Shin
Low Kwek Lee
Low Kuek Kong
Low Kok Yong
Low Kok Yaow
Lee Chon Sing
Loh Wann Yuan
Law Piang Woon
Brig. Jen. (B) Dato' Ali bin Haji Musa
Mohamed Akwal bin Sultan Mohamad

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors as at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia, are as follows:

	No. of ordinary shares of RM1.00 each			
	Balance at January 1, 2016	**Bought**	**Sold**	**Balance at December 31, 2016**
Shares in the Company				
Registered in the name of directors				
Direct interest				
Puan Sri Datin Chan Pui Leorn	550,000	-	-	550,000
Low Quek Kiong	75,000	-	-	75,000
Low Kok Yong	720,000	-	-	720,000
Lee Chon Sing	1	-	-	1
Loh Wann Yuan	1	-	-	1

DIRECTORS' REPORT (Cont'd)

	No. of ordinary shares of RM1.00 each			
	Balance at January 1, 2016	Bought	Sold	Balance at December 31, 2016
Deemed interest				
Puan Sri Datin Chan Pui Leorn	124,676,608*[1]	7,508,000	(7,508,000)	124,676,608*[1]
Low Quek Kiong	125,151,608*[2]	7,508,000	(7,508,000)	125,151,608*[2]
Low Kueck Shin	125,226,608*[3]	7,508,000	(7,508,000)	125,226,608*[3]
Low Kwek Lee	125,226,608*[3]	7,508,000	(7,508,000)	125,226,608*[3]
Low Kuek Kong	125,226,608*[3]	7,508,000	(7,508,000)	125,226,608*[3]
Low Kok Yong	124,506,608*[4]	7,508,000	(7,508,000)	124,506,608*[4]
Low Kok Yaow	125,226,608*[3]	7,508,000	(7,508,000)	125,226,608*[3]
Shares in the subsidiary company, Harn Len Pelita Bengunan Sdn. Bhd.				
Deemed interest				
Puan Sri Datin Chan Pui Leorn	2,854,083	-	-	2,854,083
Low Quek Kiong	2,854,083	-	-	2,854,083
Low Kueck Shin	2,854,083	-	-	2,854,083
Low Kwek Lee	2,854,083	-	-	2,854,083
Low Kuek Kong	2,854,083	-	-	2,854,083
Low Kok Yong	2,854,083	-	-	2,854,083
Low Kok Yaow	2,854,083	-	-	2,854,083

*[1] By virtue of her interests in Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., Yong Yaow Properties Sdn. Bhd., Seri Cemerlang Plantation (Pahang) Sdn. Bhd. and Shande Ancestral Park Berhad and the shares held by her immediate family members, 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] By virtue of his interests in Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., Yong Yaow Properties Sdn. Bhd., Seri Cemerlang Plantation (Pahang) Sdn. Bhd. and Shande Ancestral Park Berhad and the shares held by his immediate family members, 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] By virtue of their interests in Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., Yong Yaow Properties Sdn. Bhd., Seri Cemerlang Plantation (Pahang) Sdn. Bhd. and Shande Ancestral Park Berhad and the shares held by their immediate family members, 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] By virtue of his interests in 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, 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.

DIRECTORS' REPORT (Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company as disclosed in Note 8 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 he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and its related companies and certain companies in which certain directors of the Company are also directors and/or substantial shareholders as disclosed in Note 19 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains directors' liability for purposes of Section 289 of the Companies Act, 2016, throughout the year which provides appropriate insurance cover for the directors of the Company. The amount of insurance premium paid during the year amounted to RM31,125.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid as remuneration of the auditors for the financial year ended December 31, 2016 is as disclosed in Note 8 to the financial statements.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

LOW QUEK KIONG

LOW KUECK SHIN

Johor Bahru
April 27, 2017

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HARN LEN CORPORATION BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Harn Len Corporation Bhd., which comprise the statements of financial position as at December 31, 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at December 31, 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 HARN LEN CORPORATION BHD. (Cont'd)
(Incorporated in Malaysia)

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 of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Impairment of biological assets

The biological assets of the Group and of the Company as at December 31, 2016 amounted to RM155,855,902 and RM20,265,900 respectively. An impairment loss on the Group biological assets amounting to RM5,800,000 was made in 2015 due to the losses incurred which was an impairment indicator.

The Group and the Company assess whether there is any indication that the biological assets may be impaired at the end of each reporting period as well as considering whether any indicators may no longer exist for previously recognised impairment loss.

During the financial year, there are indications that the impairment loss recognised in prior periods may no longer exist. The Group has recognised a reversal of impairment loss on the biological assets of RM5,800,000 in the current financial year.

The Group and the Company calculate the recoverable amount of the biological assets for the reversal of impairment loss using the discounted cash flow model. This model involves forecasting and discounting of future cash flows and estimating recoverable amounts which require management's use of certain key assumptions on the discount rate and the oil palm prices which are judgemental. The disclosure is as explained in Note 12 to the financial statements.

How the key audit matters were addressed in our audit

- We assessed the basis for management's estimates and judgements applied in the key assumptions including the validity of transactional data used for other inputs and the mechanical integrity of the impairment model.

- We performed the following procedures to assess the key assumptions used in the impairment model:

  - assessed the reliability of management's assertion relating to oil palm prices which is the key assumption used to support the reversal of impairment loss recognised in prior years through discussion with management to understand the basis of their forecast and by comparing the forecasted prices to historical prices;

  - assessed the appropriateness of the projected volume growth rate against the historical trends which include the planted acreage of planted oil palms, their age and tonnage yield;

  - considered the appropriateness of the discount rate used to compute the present value of the cash flows by involving our internal specialists;

  - performed sensitivity analysis on oil palm prices and the discount rate used and considered those possible changes that would cause the carrying amount of the biological assets to exceed the recoverable amount.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HARN LEN CORPORATION BHD. (Cont'd)
(Incorporated in Malaysia)

Key Audit Matters

Going concern

The financial statements of the Group and of the Company as at December 31, 2016 have been prepared on a going concern basis.

The Group and the Company incurred net losses of RM4,882,387 and RM11,704,949 (2015: RM19,662,044 and RM57,401,850) respectively during the financial year ended December 31, 2016 and, as at that date, the Group's and the Company's current liabilities exceeded current assets by RM80,105,707 and RM22,837,871 respectively.

The Group's and the Company's operations are mainly financed by banking facilities that include term loans and bank overdrafts.

These events and conditions may cast significant doubt on the Group's and the Company's ability to continue as a going concern but there is no conclusive evidence that material uncertainty exists.

This matter, is in our professional judgement considered to be a key audit matter because evaluating the above events and conditions and the actions the directors are taking to address them involves considering the judgement of the directors with respect to the key assumptions used in their assessment and the management's plan for future action, and on the feasibility of those plans. It is also of relevance to the audit that we consider whether the directors have provided adequate disclosure about events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as going concern in order to achieve a fair presentation.

Note 3 to the financial statements discloses directors' assessment on the ability of the Group's and the Company's to continue as a going concern.

How the key audit matters were addressed in our audit

Based on the audit evidence we have obtained, no material uncertainty exists with respect to the events and conditions identified that may cast a significant doubt on the Group's and the Company's ability to continue as a going concern.

We evaluated the detailed 2017 cash flow forecast prepared by management. The procedures performed on the model and areas where we challenged management are as follows :

1. We checked the consistency of the forecasts used in the going concern assessment with those used for impairment calculations;

2. We considered the appropriateness of the assumptions (including the oil palm prices and production volumes) that are the key assumptions used in the cash flow forecast. In challenging these assumptions, we took into account actual results, external data and market conditions;

3. We performed calculations of the sensitivity of management's projections of the availability of cash to the Group with respect to the possible changes in the key assumptions relating to oil palm prices and the tonnage yield;

4. We compared the potential profiles of repayment of borrowings of the Group and of the Company against the availability of confirmed borrowing facilities;

5. We tested the cash flows forecast for the next 12 months on compliance with financial covenants of the bank borrowings facilities and obtained representation from the directors that there are no bank borrowings that were renegotiated or recalled.

We assessed the appropriateness of disclosures made in the Group's financial statements in respect of events and conditions identified that may cast a significant doubt on the Group's and the Company's ability to continue as a going concern as disclosed in Note 3 to the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HARN LEN CORPORATION BHD. (Cont'd)
(Incorporated in Malaysia)

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 Directors' Report, Key Statistics, Deputy Executive Chairman's Statement, Management's Discussion and Analysis, Statement on Corporate Governance, and Additional Compliance Information but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

In preparing the financial statements of the Group and of 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.

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 of 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 the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HARN LEN CORPORATION BHD. (Cont'd)
(Incorporated in Malaysia)

- 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 of 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 director's 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 going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Group and of 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 auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- 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 Group and of the Company for the current 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.

Other Reporting Responsibilities

The supplementary information set out in Note 34 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HARN LEN CORPORATION BHD. (Cont'd)
(Incorporated in Malaysia)

Other Matters

1. 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.

2. The financial statements of the Group and of the Company for the financial year ended December 31, 2015, were audited by another firm of auditors whose report dated April 22, 2016 expressed an unmodified opinion.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

CHAN CHONG WEY
Partner - 2884/07/17(J)
Chartered Accountant

Johor Bahru
April 27, 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	5	269,555,981	243,183,368	51,070,443	93,266,182
Cost of goods sold	5	(218,486,936)	(199,782,502)	(44,485,056)	(80,007,512)
Gross profit	5	51,069,045	43,400,866	6,585,387	13,258,670
Other income		6,704,881	431,696	376,753	169,564
Administrative expenses		(28,575,612)	(29,401,385)	(17,728,329)	(19,136,771)
Distribution expenses		(20,959,694)	(18,254,399)	(1,833,144)	(2,434,351)
Other expenses		(1,083,245)	(11,739,370)	-	(53,631,992)
Finance income		9,621	9,288	2,143,964	4,874,093
Finance costs	7	(5,196,033)	(3,125,694)	(1,892,680)	(2,433,963)
Profit (Loss) before tax	8	1,968,963	(18,678,998)	(12,348,049)	(59,334,750)
Income tax (expense) credit	9	(6,851,350)	(983,046)	643,100	1,932,900
Loss for the year		(4,882,387)	(19,662,044)	(11,704,949)	(57,401,850)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss for the year		(4,882,387)	(19,662,044)	(11,704,949)	(57,401,850)
(Loss) Profit attributable to:					
Owners of the Company		(8,339,831)	(14,061,550)	(11,704,949)	(57,401,850)
Non-controlling interests		3,457,444	(5,600,494)	-	-
Loss per share					
Basic (sen)	10	(4.6)	(7.6)		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	Note	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	11	265,894,088	262,277,555	138,350,054	142,263,252
Biological assets	12	155,855,902	125,151,721	20,265,900	17,947,273
Investment properties	13	39,353,185	23,664,851	30,476,609	14,486,058
Investments in subsidiaries	14	-	-	117,124,150	107,088,686
Goodwill on consolidation	15	5,794,799	5,794,799	-	-
Deferred tax assets	16	4,253,354	1,820,900	2,464,000	1,820,900
Total Non-current Assets		471,151,328	418,709,826	308,680,713	283,606,169
Current Assets					
Inventories	17	7,414,030	6,326,738	1,336,250	835,365
Trade receivables	18	4,945,661	6,234,608	1,636,863	1,897,393
Other receivables, deposits and prepaid expenses	18	8,892,193	5,325,951	6,664,263	2,898,099
Amount owing from subsidiaries	19	-	-	3,762,515	33,352,380
Amount owing from affiliated companies	19	323,710	1,855,318	249,982	-
Tax recoverable		912,514	854,926	44,122	364,122
Cash and bank balances	20	3,474,684	10,430,278	1,377,899	1,591,658
Assets classified as held for sale	21	-	13,600,000	-	-
Total Current Assets		25,962,792	44,627,819	15,071,894	40,939,017
Total Assets		497,114,120	463,337,645	323,752,607	324,545,186
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	22	185,477,159	185,477,159	185,477,159	185,477,159
Reserves	22	127,506,809	140,889,961	80,594,408	97,342,678
Equity attributable to owners of the Company		312,983,968	326,367,120	266,071,567	282,819,837
Non-controlling interests	23	(10,307,545)	(13,764,989)	-	-
Total Equity		302,676,423	312,602,131	266,071,567	282,819,837

STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016 (Cont'd)

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Non-current Liabilities					
Deferred tax liabilities	16	20,854,000	12,650,081	-	-
Retirement benefits	24	848,000	760,000	848,000	760,000
Loans and borrowings	25	66,667,198	41,531,787	18,923,275	6,903,745
Total Non-current Liabilities		88,369,198	54,941,868	19,771,275	7,663,745
Current Liabilities					
Trade payables	26	34,999,255	23,767,854	14,303,401	10,838,200
Other payables and accrued expenses	26	24,688,173	26,137,234	6,305,629	5,968,323
Amount owing to subsidiaries	19	-	-	1,077,700	698,938
Amount owing to affiliated companies	19	157,554	1,060,469	32,719	784,618
Tax liabilities		637	608,320	-	-
Loans and borrowings	25	46,222,880	44,219,769	16,190,316	15,771,525
Total Current Liabilities		106,068,499	95,793,646	37,909,765	34,061,604
Total Liabilities		194,437,697	150,735,514	57,681,040	41,725,349
Total Equity and Liabilities		497,114,120	463,337,645	323,752,607	324,545,186

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

		Attributable to owners of the Company							
		Non-distributable				Distributable			
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Capital Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
The Group									
Balance at January 1, 2015		185,477,159	6,634,854	-	6,268,000	142,049,601	340,429,614	(8,164,495)	332,265,119
Total comprehensive loss for the year		-	-	-	-	(14,061,550)	(14,061,550)	(5,600,494)	(19,662,044)
Buy-back of ordinary shares, representing total transactions with the owners of the Company	22	-	-	(944)	-	-	(944)	-	(944)
Balance at December 31, 2015		185,477,159	6,634,854	(944)	6,268,000	127,988,051	326,367,120	(13,764,989)	312,602,131
Total comprehensive loss for the year		-	-	-	-	(8,339,831)	(8,339,831)	3,457,444	(4,882,387)
Buy-back of ordinary shares, representing total transactions with the owners of the Company	22	-	-	(5,043,321)	-	-	(5,043,321)	-	(5,043,321)
Balance at December 31, 2016		185,477,159	6,634,854	(5,044,265)	6,268,000	119,648,220	312,983,968	(10,307,545)	302,676,423

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

		Attributable to owners of the Company					
		Non-distributable				Distributable	
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Capital Reserve RM	Retained Earnings RM	Total Equity RM
The Company							
Balance at January 1, 2015		185,477,159	6,634,854	-	6,268,000	141,842,618	340,222,631
Total comprehensive loss for the year		-	-	-	-	(57,401,850)	(57,401,850)
Buy-back of ordinary shares, representing total transactions with the owners of the Company	22	-	-	(944)	-	-	(944)
Balance at December 31, 2015		185,477,159	6,634,854	(944)	6,268,000	84,440,768	282,819,837
Total comprehensive loss for the year		-	-	-	-	(11,704,949)	(11,704,949)
Buy-back of ordinary shares, representing total transactions with the owners of the Company	22	-	-	(5,043,321)	-	-	(5,043,321)
Balance at December 31, 2016		185,477,159	6,634,854	(5,044,265)	6,268,000	72,735,819	266,071,567

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
Profit (Loss) before tax		1,968,963	(18,678,998)	(12,348,049)	(59,334,750)
Adjustments for:					
Depreciation of property, plant and equipment		14,931,017	15,392,866	4,472,128	5,014,670
Finance costs		5,196,033	3,125,694	1,892,680	2,433,963
Amortisation of biological assets		4,639,446	4,581,928	765,516	765,516
Amortisation of investment properties		490,491	217,149	760,279	508,677
Palm oil seedlings written off		302,262	141,040	99,679	141,040
Loss on disposal of property, plant and equipment		-	(229,375)	-	(34,849)
Charge for retirement benefits		88,000	6,000	88,000	6,000
Property, plant and equipment written off		95,089	-	49,020	-
Finance income		(9,621)	(9,288)	(2,143,964)	(4,874,093)
Impairment loss on:					
Amount owing from affiliated company		521,307	-	-	-
Trade receivables		4,580	-	4,580	-
Biological assets		-	5,879,148	-	-
Investment properties		-	2,195,279	-	-
Property, plant and equipment		-	1,562,990	-	-
Investment in subsidiaries		-	-	-	8,816,164
Amount owing from subsidiaries		-	-	-	43,452,000
Reversal of impairment loss on:					
Trade receivables		(21,300)	-	(21,300)	-
Biological assets		(5,800,000)	-	-	-
Write off of deposit		-	1,363,828	-	1,363,828
Waiver of overdue interest		-	(36,398)	-	-
Dividend income		-	-	-	(3,937,876)
Operating Profit (Loss) Before Working Capital Changes		22,406,267	15,511,863	(6,381,431)	(5,679,710)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

		The Group		The Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Movements in Working Capital:					
(Increase) Decrease in:					
Inventories		(1,389,554)	(1,136,699)	(600,564)	339,161
Trade receivables		1,305,667	(2,554,861)	277,250	1,166,180
Other receivables, deposits and prepaid expenses		(3,566,242)	(483,839)	(3,766,164)	(98,603)
Amount owing from affiliated company		1,010,301	(1,821,119)	(249,982)	-
(Decrease) Increase in:					
Trade payables		11,231,401	1,794,306	3,465,201	2,065,522
Other payables and accrued expenses		(1,668,461)	632,633	337,306	(843,163)
Amount owing to subsidiaries		-	-	378,762	(607,796)
Amount owing to affiliated companies		(902,915)	776,152	(751,899)	595,632
Cash Generated From (Used In) Operations		28,426,464	12,718,436	(7,291,521)	(3,062,777)
Income tax paid		(2,067,376)	(1,896,430)	-	-
Income tax refunded		322,220	-	320,000	-
Net Cash Generated From (Used In) Operating Activities		26,681,308	10,822,006	(6,971,521)	(3,062,777)
CASH FLOWS USED IN INVESTING ACTIVITIES					
Acquisition of:					
Property, plant and equipment	30(ii)	(8,160,772)	(7,401,587)	(607,950)	(3,260,460)
Biological assets	30(iii)	(24,189,520)	(21,694,327)	(3,084,143)	(848,121)
Investment properties	30(iv)	(16,178,825)	(2,814,304)	(16,750,830)	(65,860)
Subscription for shares in a subsidiary		-	-	(100)	(1,999,998)
Interest received		9,621	9,288	2,143,964	4,874,093
Change in pledge deposits		(29,622)	5,713	(29,622)	5,713
Proceeds from disposal of property, plant and equipment, investment properties and biological assets		-	349,626	-	155,093
Repayment from subsidiaries		-	-	19,554,501	356,838
Net Cash (Used In) From Investing Activities		(48,549,118)	(31,545,591)	1,225,820	(782,702)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Interest paid		(5,688,619)	(4,038,980)	(1,892,680)	(2,433,963)
Dividend received		-	-	-	3,937,876
Dividend paid		-	(5,564,315)	-	(5,564,315)
Repayment of hire-purchase payables		(3,644,287)	(2,703,434)	(608,221)	(668,695)
Drawdown of term loans		29,092,838	12,636,826	13,465,000	-
Repayment of term loans		(482,258)	(263,656)	(480,409)	(236,594)
Repurchase of treasury shares		(5,043,321)	(944)	(5,043,321)	(944)
Net utilisation of bank overdrafts		648,241	28,191,966	61,951	8,592,477
Net Cash Generated From Financing Activities		14,882,594	28,257,463	5,502,320	3,625,842
NET (DECREASE) INCREASE IN CASH AND BANK BALANCES		(6,985,216)	7,533,878	(243,381)	(219,637)
CASH AND BANK BALANCES AT BEGINNING OF THE YEAR		10,101,384	2,567,506	1,262,764	1,482,401
CASH AND BANK BALANCES AT END OF THE YEAR	30(i)	3,116,168	10,101,384	1,019,383	1,262,764

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. **GENERAL INFORMATION**

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

The Company is principally involved in the cultivation of oil palms, operation of a palm oil mill, property investment and investment holding.

The subsidiaries are principally involved in the cultivation of oil palms, operation of a palm oil mill, investment holding, property investment, transportation services and palm oil estate and plantation management. The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the holding company in each subsidiary is as disclosed in Note 14.

The registered office and the principal place of business of the Company is located at 6th Floor, Johor Tower, No. 15, Jalan Gereja, 80100 Johor Bahru, Johor, Malaysia.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM").

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on April 27, 2017.

2. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

2.1 Adoption of new and revised FRSs

In the current financial year, the Group and the Company have adopted a number of Standards and Amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after January 1, 2016 as follows:

FRS 14	Regulatory Deferral Account
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRSs	Annual Improvements to FRSs 2012 - 2014 cycle

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

The adoption of the above Standards and Amendments to the Standards did not have any effect on the financial performance of position of the Group and of the Company.

2.2 Standards and Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Interpretation ("IC Int.") relevant to the Group and the Company which were issued but not yet effective and not early adopted by the Group and the Company are as listed below:

Amendments to FRS 107	Disclosure Initiative[1]
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[1]
FRS 9	Financial Instruments[2]
Amendments to FRS 2	Classification and Measurement of Shared-based Payment Transactions[2]
Amendments to FRS 10 and FRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to FRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts[2]
Amendments to FRS 140	Transfer of Investment Property[2]
IC Int. 22	Foreign Currency Transactions and Advance Consideration[2]
Amendments to FRSs	Annual Improvements to FRSs 2014-2016 Cycle[1or2]

[1] Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the abovementioned Standards and Interpretation will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Interpretation will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as discussed below:

FRS 9 *Financial Instruments*

FRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. FRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of FRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measure category for certain simple debt instruments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Key requirements of FRS 9:

- All recognised financial assets that are within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under FRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 9 requires that the amount change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, FRS 9 reflects an expected credit loss model, as opposed to an incurred credit loss model under FRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 139. Under FRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Group and of the Company anticipate that the application of FRS 9 in the future may have a material impact on the amounts reported in respect of the Group's and of the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 9 until the Group and the Company complete a detailed review.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

2.3 Malaysian Financial Reporting Standards

On November 19, 2011, MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after January 1, 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were allowed to defer the adoption of MFRS Framework until such time as mandated by MASB. On September 2, 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*, the MASB announced that TEs which have chosen to continue with the FRS Framework is now required to adopt the MFRS Framework latest by January 1, 2017. However, following the announcement by MASB on October 28, 2015, the effective date of MFRS 15 is now deferred to annual periods beginning on or after January 1, 2018.

The Group and the Company, being TEs, have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of their financial statements. Accordingly, the Group and the Company will be required to prepare their first set of MFRS financial statements for the financial year ending December 31, 2018.

The directors anticipate that the adoption of the other MFRSs will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

MFRS 16 *Leases*

MFRS 16 specifies how a MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessee to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*

The amendments to MFRS 116 and MFRS 141 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with MFRS 116, instead of MFRS 141. The produce growing on bearer plants continues to be accounted for in accordance with MFRS 141.

The Group and the Company are currently assessing the impact of the adoption of other MFRSs, including identification of the differences in existing accounting policies as compared to the new framework. As at the date of authorisation of issue of the financial statements, this assessment process is still on-going. Thus, the impact of adopting of other MFRSs cannot be determined and estimated reliably now until the process is complete.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies stated below:

Going Concern

The Group and the Company incurred a net loss of RM4,882,387 and RM11,704,949 (2015: RM19,662,044 and RM57,401,850) respectively during the financial year ended December 31, 2016 and, as at that date, the Group's and the Company's current liabilities exceeded current assets by RM80,105,707 and RM22,837,871 (2015: RM51,165,827 and RM6,877,413) respectively. As at the end of the reporting period, the Group and the Company have committed bank borrowings and finance lease liabilities with a total of RM112,890,078 and RM35,113,591 (2015: RM85,751,556 and RM22,675,270) respectively, with undrawn facilities of RM34million.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

As at the end of the reporting period, the committed banking facilities and finance lease payables of the Group and of the Company of RM112.90million and RM35.2million consisted of the following:

The Group

- Term loan facilities of RM47.3million amortised over the period to year 2035 with remaining undrawn facilities of RM14.8million.
- Hire-purchase facilities of RM7.5million are due within 5 years.
- Finance lease liabilities of RM17.0million for the Native Customary Rights land amortised over a 60 year period to the year 2074.
- Bank overdraft facilities of RM41.1million with remaining undrawn facilities of RM5.7million.

The Company

- Fully drawn term loan facilities of RM19.1million amortised over the period to year 2035.
- Hire-purchase facilities of RM1.1million are due within 5 years.
- Fully utilised bank overdraft facilities of RM15million with no remaining undrawn facilities available.

The financial statements have been prepared on a going concern basis. In making the assessment that the Group and the Company is a going concern, the Board has considered the Group's cash flow forecasts for the period ending December 31, 2017. The Board identified the increase of oil palm prices and production volumes, which includes the acreage planted with oil palms, their age and tonnage yield, as the most sensitive variables on the expected cash flows.

Notwithstanding the net current liabilities position, as a plantation and property owner, the Group still has significant long term assets which it could use as a security for banking facilities.

The Directors are of the opinion that the current market outlook and prices of oil palm products and the relationship with the banks would enhance the Group's ability to secure adequate banking facilities to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Basis of Consolidation

(i) Subsidiary companies

Subsidiary companies are entities controlled by the Company. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Property, Plant And Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Buildings are depreciated on a straight line basis over fifty (50) years. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Leasehold land is amortised in equal instalments over the period of the respective leases which range from sixty (60) to ninety-seven (97) years.

The estimated useful lives for the current and comparative periods are as follows:

Estate buildings	25 years
Roads and bridges	10 years
Plant and machinery	10 years
Motor vehicles, furniture, fittings and equipment	5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

Biological Assets

Biological assets are stated at cost less any accumulated amortisation and any accumulated impairment losses. Biological assets comprise plantation development expenditure.

New planting expenditure incurred on land clearing, upkeep of immature palms/trees and interest incurred during the immature period are capitalised under Plantation Development Expenditure. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss. An oil palm is considered matured 3 years after the month of planting. Teak trees are considered matured 17 years after the month of planting.

Plantation Development Expenditure of oil palm estates and the capitalised pre-cropping cost will be amortised on a straight line basis over 25 years being the current expected useful lives of oil palm trees. The useful lives of oil palms would be subjected to review in the future and may be adjusted as considered appropriate.

All replanting expenditure is also capitalised in plantation development expenditure and amortised on the above mentioned basis.

Plantation Development Expenditure of teak trees is not amortised and will be charged to profit or loss at the time of harvest and sale of trees based on the area harvested.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Investment Property

(i) Investment property carried at cost

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less any accumulated amortisation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy.

Freehold land is not depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Leases

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for in the period in which they are incurred.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership, are classified as operating leases and the leased assets are not recognised on the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

Intangible Assets

Goodwill on consolidation

Goodwill on consolidation arising on an acquisition, of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating unit (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Non-current Assets Held for Sale or Distribution to Owners

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

Impairment

(i) Financial assets

All financial assets except for investments in subsidiaries are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets except for inventories and deferred tax assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

Affiliated Company

An affiliated company is a company in which certain Directors of the Company have significant influence or substantial financial interest.

Revenue and Other Income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services rendered

Revenue from the provision of rooms, food and beverage, laundry service fees and other income are recognised when services are rendered.

(iii) Rental income

Income from rental of offices is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental from car parks are recognised based on value invoiced to customers.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: i) the initial recognition of goodwill and ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Employee Benefits

(i) Short-term Employee Benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State Plans

The Group's contribution to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Retirement Benefits

The hotel division of the Group has set up a retirement obligation for eligible employees of the division. The division sets aside amounts for retirement benefits based on the basic salary of each eligible employee at the end of each financial year of service over the employees' period of employment. The liabilities are determined by the management and it is not expected to have a material impact to the financial statements.

Earnings per Ordinary Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise Convertible notes and share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Deputy Executive Chairman of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Financial Instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company have the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Repurchase, disposal and re-issue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, which form an integral part of the Group's and the Company's cash management, and excluded pledged deposits. Bank overdrafts classified as financing activities has been excluded from cash and cash equivalents.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

There are no significant areas of estimation uncertainty and judgements made by management in the process of applying accounting policies on the amounts recognised in the financial statements other than those disclosed in the following notes:

(a) Critical judgements in applying the Group's accounting policies:

i. Note 3 - Going concern;
ii. Note 13 - Investment properties; and
iii. Note 28 - Contingent liabilities.

(b) Key sources of estimation uncertainty:

i. Note 12 - Biological assets;
ii. Note 13 - Investment properties; and
iii. Note 15 - Valuation of goodwill on consolidation.

5. REVENUE, COST OF GOODS SOLD AND GROSS PROFIT

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Plantation income	262,498,687	235,698,701	44,023,479	81,843,639
Property, hotel and other income	7,057,294	7,484,667	7,046,964	7,484,667
Dividend income from subsidiary companies	-	-	-	3,937,876
	269,555,981	243,183,368	51,070,443	93,266,182
Cost of sales of agricultural produces	208,300,069	175,716,755	34,140,110	70,671,366
Cost of services	10,186,867	24,065,747	10,344,946	9,336,146
	218,486,936	199,782,502	44,485,056	80,007,512
Gross profit	51,069,045	43,400,866	6,585,387	13,258,670

6. SEGMENTAL ANALYSIS

Business Segments

For management purposes, the Group is organised into the following reportable operating segments based on their products and services and similar economic characteristics:

- Plantation - The operation of oil palm estate, palm oil mills, sales and purchase of fresh fruit bunches, sales and trading of crude palm oil and palm kernel and the provision of plantation development contract services to related parties and external customers.
- Property and hotel - Property investment and hotel operation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Operating profit or loss are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess the Group's performance. The Group's income taxes are managed on a group basis and are not allocated to operating segments.

Segment capital expenditure comprises additions to property, plant and equipment, biological assets and investments properties.

No geographical segmental analysis is presented as the Group operates principally in Malaysia.

	Plantation RM	Property and Hotel RM	Elimination RM	Total RM
The Group				
2016				
Revenue				
External sales	262,498,687	7,057,294	-	269,555,981
Inter-segment income^	41,608,189	-	(41,608,189)	-
Total revenue	304,106,876	7,057,294	(41,608,189)	269,555,981
Segment results	19,310,639	(5,592,247)	-	13,718,392
Finance costs	(4,782,505)	(413,528)	-	(5,196,033)
Unallocated expenses:				
Directors remuneration				(6,230,173)
Others				(323,223)
Profit before tax				1,968,963
Assets				
Reported segment assets	378,207,234	107,090,656	-	485,297,890
Corporate assets				11,816,230
Consolidated total assets				497,114,120
Liabilities				
Segment liabilities	150,312,102	4,729,619	-	155,041,721
Unallocated corporate liabilities				39,395,976
Consolidated total liabilities				194,437,697

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

	Plantation RM	Property and Hotel RM	Elimination RM	Total RM
The Group				
2015				
Revenue				
External sales	235,698,701	7,484,667	-	243,183,368
Inter-segment income^	37,953,532	3,937,786	(41,891,318)	-
Total revenue	273,652,233	11,422,453	(41,891,318)	243,183,368
Segment results	20,291,938	(17,051,184)	-	3,240,754
Finance costs	(2,837,633)	(288,061)	-	(3,125,694)
Impairment loss	(7,442,138)	(2,195,279)	-	(9,637,417)
Unallocated expenses:				
Directors remuneration				(7,063,956)
Others				(2,092,685)
Loss before tax				(18,678,998)
Assets				
Reported segment assets	362,632,125	92,998,607	-	455,630,732
Corporate assets				7,706,913
Consolidated total assets				463,337,645
Liabilities				
Segment liabilities	118,398,878	4,602,517	-	123,001,395
Corporate liabilities				27,734,119
Consolidated total liabilities				150,735,514

^ Inter-segment income is eliminated on consolidation and reflected in the elimination column.

Included in revenue arising from third party sales of RM269,555,981 (2015: RM243,183,368) is revenue of approximately RM217,432,735 (2015: RM149,498,416) and RM25,991,030 (2015: RM61,911,582) respectively which arose from sales to the Group's largest customers. No other single customers contributed 10% or more to the Group's revenue for both 2016 and 2015.

7. FINANCE COSTS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest on:				
Financial liabilities that are not at fair value through profit and loss	6,055,977	4,038,980	1,892,680	2,433,963
Less: Finance cost capitalised (Note 12)	(859,944)	(913,286)	-	-
	5,196,033	3,125,694	1,892,680	2,443,963

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

8. PROFIT (LOSS) BEFORE TAX

Profit (Loss) before tax has been arrived at after (crediting) charging the following:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Staff costs (including key management personnel) (Note 19))	23,153,483	25,577,817	16,946,046	18,550,411
Depreciation of property, plant and equipment (Note 11)	14,931,017	15,392,866	4,472,128	5,014,670
Directors:				
Fees	200,000	210,800	200,000	200,000
Remuneration	6,030,173	6,853,156	4,981,613	5,499,256
Amortisation of biological assets (Note 12)	4,639,446	4,581,928	765,516	765,516
Hiring of machinery	2,359,154	1,666,267	243,637	79,939
Impairment loss on:				
Amount owing from affiliated companies	521,307	-	-	-
Trade receivables (Note 18)	4,580	-	4,580	-
Biological assets (Note 12)	-	5,879,148	-	-
Investment properties (Note 13)	-	2,195,279	-	-
Property, plant and equipment (Note 11)	-	1,562,990	-	-
Amount owing from subsidiaries	-	-	-	43,452,000
Investment in subsidiaries	-	-	-	8,816,166
Amortisation of investment properties (Note 13)	490,491	217,149	760,279	508,677
Oil palm seedlings written off	302,262	141,040	99,679	141,040
Audit fee:				
Statutory audit	175,500	210,000	85,000	85,000
Non-statutory audit	20,000	93,300	20,000	39,500
Property, plant and equipment written off	95,089	-	49,020	-
Charge for retirement benefits (Note 24)	88,000	6,000	88,000	6,000
Reversal of impairment loss on:				
Trade receivables (Note 18)	(21,300)	-	(21,300)	-
Biological assets (Note 12)	(5,800,000)	-	-	-
Write off of deposits	-	1,363,828	-	1,363,828
Waiver of overdue interest	-	(36,398)	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Included in staff costs are the following:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Staff costs	20,942,086	23,574,469	15,442,271	16,991,926
Less:				
Capitalised in biological assets (Note 12)	(144,541)	(226,020)	(116,473)	(24,906)
	20,797,545	23,348,449	15,325,798	16,967,020
Contributions to state plans	2,355,938	2,229,368	1,620,248	1,583,391
	23,153,483	25,577,817	16,946,046	18,550,411

The estimated monetary value of Directors' benefit-in-kind for the Group and the Company is RM246,444 (2015: RM218,758).

9. INCOME TAX EXPENSE (CREDIT)

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax expense:				
Current year	1,087,920	1,938,196	-	-
(Over)Underprovision in prior years	(8,035)	19,179	-	-
	1,079,885	1,957,375	-	-
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	1,529,565	(648,329)	(574,000)	(1,915,900)
Under(Over)provision in prior years	4,241,900	(326,000)	(69,100)	(17,000)
	5,771,465	(974,329)	(643,100)	(1,932,900)
	6,851,350	983,046	(643,100)	(1,932,900)

Malaysian corporate income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

The reconciliation between tax expense and accounting profit multiplied by the applicable statutory tax rate are as follows:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit (Loss) before tax	1,968,963	(18,678,998)	(12,348,049)	(59,334,750)
Tax at the applicable statutory calculated tax rate of 24% (2015: 25%)	472,551	(4,669,750)	(2,963,532)	(14,833,688)
Tax effects of:				
Expenses that are not deductible in determining taxable profit	2,809,934	2,496,617	1,614,532	14,074,788
Income that is not taxable in determining taxable profit	(1,528,000)	-	(554,000)	(985,000)
Deferred tax assets not recognised	863,000	3,463,000	1,329,000	-
Utilisation of other temporary differences	-	-	-	(172,000)
(Over)Underprovision of income tax in prior years	(8,035)	19,179	-	-
Under(Over)provision of deferred tax in prior years	4,241,900	(326,000)	(69,100)	(17,000)
Tax expense (income) for the year	6,851,350	983,046	(643,100)	(1,932,900)

As mentioned in Note 3, deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances and unutilised tax losses can be utilised.

As at December 31, 2016, the net taxable temporary differences, unabsorbed capital allowances, unutilised tax losses and provision of the Group and of the Company which have not been recognised in the financial statements due to uncertainty of its realisation in the foreseeable future, are as follows:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Taxable temporary differences	80,080,000	58,514,000	-	-
Unabsorbed capital allowances	(72,110,000)	(50,982,000)	(5,826,000)	(288,000)
Unutilised tax losses	(52,179,000)	(48,120,000)	-	-
Provision	-	(27,000)	-	-
	(44,209,000)	(40,615,000)	(5,826,000)	(288,000)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

The unabsorbed capital allowances and unutilised tax losses, which are subject to agreement by tax authorities, are available for offset against the future taxable profit.

The comparative figures have been revised to reflect the previous year's final tax submission.

The Budget 2017 announced on October 21, 2016 (gazetted on January 16, 2017) reduced the corporate income tax rate from 24% to rates below based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment:

Percentage of increase in chargeable income as compared to the immediate preceding year of assessment	**Percentage point of reduction on income tax rate**	**Reduced income tax rate on increase in chargeable income %**
Less than 5%	Nil	24
5% - 9.99%	1	23
10% - 14.99%	2	22
15% - 19.99%	3	21
20% and above	4	20

The above changes are effective for years of assessment 2017 and 2018. Following this, the applicable tax rates to be used for the measurement of any applicable deferred tax will be at the expected rates.

10. **LOSS PER SHARE**

Basic/Diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	The Group	
	2016 RM	**2015 RM**
Loss for the year attributable to owners of the Company	(8,339,831)	(14,061,550)
Weighted average number of ordinary shares for the purposes of basic earnings per share	181,777,576	185,476,742
Basic loss per share (sen)	(4.6)	(7.6)

There are no potential dilutive ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

11. **PROPERTY, PLANT AND EQUIPMENT**

The Group	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
Cost						
Balance at January 1, 2015	253,255,935	19,500,310	44,214,584	41,898,037	10,523,152	369,392,018
Additions	1,260,147	79,600	2,420,805	4,522,205	2,549,542	10,832,299
Disposals	-	-	-	(1,193,651)	-	(1,193,651)
Transfer to assets held for sale	(11,680,516)	(721,003)	-	-	-	(12,401,519)
Reclassifications	10,284,805	-	969,600	540,139	(11,794,544)	-
Balance at December 31, 2015	253,120,371	18,858,907	47,604,989	45,766,730	1,278,150	366,629,147
Additions	1,504,577	638,050	3,840,030	3,154,895	399,250	9,536,802
Transfer from assets held for sale	9,045,440	368,249	-	-	-	9,413,689
Written off	-	-	-	(121,468)	(12,220)	(133,688)
Balance at December 31, 2016	263,670,388	19,865,206	51,445,019	48,800,157	1,665,180	385,445,950
Accumulated Depreciation						
Balance at January 1, 2015	33,980,529	14,778,774	19,162,660	23,215,812	-	91,137,775
Charge for the year	5,100,024	1,265,972	4,112,956	5,233,105	-	15,712,057
Transfer to assets held for sale	(1,117,390)	(307,450)	-	-	-	(1,424,840)
Disposals	-	-	-	(1,073,400)	-	(1,073,400)
Balance at December 31, 2015	37,963,163	15,737,296	23,275,616	27,375,517	-	104,351,592
Charge for the year	4,954,568	865,623	3,773,323	5,645,355	-	15,238,869
Written off	-	-	-	(38,599)	-	(38,599)
Balance at December 31, 2016	42,917,731	16,602,919	27,048,939	32,982,273	-	119,551,862

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

The Group	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
Accumulated Impairment Loss						
Balance at January 1, 2015	-	-	-	-	-	-
Impairment loss	1,517,686	45,304	-	-	-	1,562,990
Transfer to assets held for sale	(1,517,686)	(45,304)	-	-	-	(1,562,990)
Balance at December 31, 2015 and December 31, 2016	-	-	-	-	-	-
Net Book Value						
Balance at December 31, 2016	220,752,657	3,262,287	24,396,080	15,817,884	1,665,180	265,894,088
Balance at December 31, 2015	215,157,208	3,121,611	24,329,373	18,391,213	1,278,150	262,277,555

Property, plant and equipment transfer to assets held for sale during the financial year are as follows:

	2016 RM	2015 RM
Cost	-	12,401,519
Accumulated depreciation	-	(1,424,840)
Accumulated impairment loss	-	(1,562,990)
Total transfer to assets held for sale (Note 21)	-	9,413,689

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (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
Cost						
Balance at January 1, 2015	161,335,980	541,800	14,724,293	15,143,785	10,510,932	202,256,790
Additions	15,000	-	1,191,353	260,565	1,952,142	3,419,060
Disposals	-	-	-	(228,286)	-	(228,286)
Reclassifications	-	-	429,600	540,139	(969,739)	-
Transfer to investment properties (Note 13)	-	-	-	-	(10,284,805)	(10,284,805)
Balance at December 31, 2015	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
Written-off	-	-	-	(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
Accumulated Depreciation						
Balance at January 1, 2015	26,317,034	293,790	11,462,707	9,919,348	-	47,992,879
Charge for the year	2,375,309	54,216	1,162,202	1,422,943	-	5,014,670
Disposals	-	-	-	(108,042)	-	(108,042)
Balance at December 31, 2015	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
Written-off	-	-	-	(5,448)	-	(5,448)
Balance at December 31, 2016	31,072,120	402,222	13,307,433	12,584,412	-	57,366,187

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (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
Net Book Value						
Balance at December 31, 2016	130,388,860	139,578	3,221,093	3,391,993	1,208,530	138,350,054
Balance at December 31, 2015	132,658,637	193,794	3,720,337	4,481,954	1,208,530	142,263,252

	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
Carrying amounts of land and buildings				
Freehold land	20,770,000	20,770,000	20,770,000	20,770,000
Long-term leasehold land	136,380,467	129,276,699	72,910,897	74,156,773
Buildings	63,602,190	65,110,509	36,707,963	37,731,864
	220,752,657	215,157,208	130,388,860	132,658,637

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Leasehold land

Included in additions of the Group is compensation to Native Customary Rights' owners of RMNil (2015: RM128,127).

Security

Land and buildings of the Group and of the Company with a carrying amount of RM64,623,156 (2015: RM65,409,339) and RM54,594,950 (2015: RM55,519,550) 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 arrangement with carrying amount of RM9,766,205 (2015: RM12,084,228) and RM1,357,418 (2015: RM1,957,171) respectively.

Others

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Statements of profit or loss and other comprehensive income	14,931,017	15,392,866	4,472,128	5,014,670
Biological assets	307,852	319,191	-	-
	15,238,869	15,712,057	4,472,128	5,014,670

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

12. **BIOLOGICAL ASSETS**

	Plantation Development Expenditure		
	Oil Palm RM	**Teak Tree RM**	**Total RM**
The Group			
Cost			
Balance at January 1, 2015	140,081,986	15,601	140,097,587
Additions	22,926,804	-	22,926,804
Transfer to assets held for sale	(4,265,459)	-	(4,265,459)
Balance at December 31, 2015	158,743,331	15,601	158,758,932
Additions	25,357,316	-	25,357,316
Transfer from assets held for sale	4,186,311	-	4,186,311
Balance at December 31, 2016	188,286,958	15,601	188,302,559
Accumulated Amortisation			
Balance at January 1, 2015	23,225,283	-	23,225,283
Charge for the year	4,581,928	-	4,581,928
Balance at December 31, 2015	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
Accumulated Impairment Loss			
Balance at January 1, 2015	-	-	-
Impairment loss	5,879,148	-	5,879,148
Transfer to assets held for sale	(79,148)	-	(79,148)
Balance at December 31, 2015	5,800,000	-	5,800,000
Impairment loss no longer required	(5,800,000)	-	(5,800,000)
Balance at December 31, 2016	-	-	-
Net Book Value			
Balance at December 31, 2016	155,840,301	15,601	155,855,902
Balance at December 31, 2015	125,136,120	15,601	125,151,721

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Biological assets transfer to assets held for sale during the financial year are as follows:

	2016 RM	2015 RM
Cost	-	4,265,459
Accumulated impairment loss	-	(79,148)
Total transfer to assets held for sale (Note 21)	-	4,186,311

	Plantation Development Expenditure - Oil Palm RM
The Company	
Cost	
Balance at January 1, 2015	19,289,877
Additions	848,121
Balance at December 31, 2015	20,137,998
Additions	3,084,143
Balance at December 31, 2016	23,222,141
Accumulated Amortisation	
Balance at January 1, 2015	1,425,209
Charge for the year	765,516
Balance at December 31, 2015	2,190,725
Charge for the year	765,516
Balance at December 31, 2016	2,956,241
Net Book Value	
Balance at December 31, 2016	20,265,900
Balance at December 31, 2015	17,947,273

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Finance costs (Note 7)	859,944	913,286	-	-
Depreciation of property, plant and equipment (Note 11)	307,852	319,191	-	-
Staff costs	144,541	226,020	116,473	24,906

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

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. which holds 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 Holdings Sdn. Bhd. 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 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 Holdings Sdn. Bhd. as trustees for the NCR Owners.

During the financial year, 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. As at the date of this report, no court hearing has yet been made. 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.

Impairment loss

Impairment loss has been made for the plantation estate that has indicators of impairment. The plantation estate is assessed together with the related property, plant and equipment as a cash-generating unit. The recoverable amount of the cash-generating unit is estimated based on its value in use, on the assumption that the Group maintains the rights to control the plantation estate.

The recoverable amount of the cash-generating unit estimated based on the value in use method is RM76,954,000 (2015: RM40,607,000) compared to the net book value of the loss making cash-generating unit of RM71,279,000 (2015: RM46,407,000).

The value in use calculation was based on the following key assumptions:

(a) Cash flows were projected based on 20 years (2015: 20 years) forecast and projections;
(b) Commodity price was projected based on current market price of RM500/MT (2015: RM392/MT) and remains constant throughout the projected period;
(c) A pre-tax discount rate of 15.30% (2015: post-tax discount rate of 10%) was applied in determining the recoverable amount of the unit;
(d) Average palm yields ranging from 17 to 21 (2015: 16 to 19) metric tonnes per hectare;
(e) Administration expenses were projected at an annual increase of 5% (2015: 5%) per annum;
(f) Plantation expenditure was projected based on historical trend; and
(g) Hectarage of the plantation plots was forecasted based on 5,350 (2015: 3,949) hectares throughout the projected period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

The values assigned to the key assumptions represent management's assessment of current trends in the location of the oil palm plantation 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.

Following the assessment, impairment loss of the estimated net recoverable amounts is higher (2015: lower) than the carrying amounts as at December 31, 2016 and thus, reversal of impairment loss of RM5,800,000 (2015: impairment loss of RM5,800,000) has been recognised as other income (2015: other expenses) in the profit or loss. The reversal of impairment loss (2015: Impairment loss) was allocated entirely to the biological assets.

The above estimates are particularly sensitive in the following areas (if other variables were held constant):

(a) An increase in 1% in the discount rate would have no impact on the reversal of impairment loss; and
(b) A 3% decrease in selling price would have decreased the reversal of impairment loss by RM2,100,000.

13. INVESTMENT PROPERTIES

	Land and Buildings RM	Property Development Expenditure RM	Total RM
Group			
Cost			
Balance at January 1, 2015	21,068,066	1,752,479	22,820,545
Additions	5,262,747	-	5,262,747
Balance at December 31, 2015	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
Accumulated Amortisation			
Balance at January 1, 2015	313,614	-	313,614
Charge for the year	217,149	-	217,149
Balance at December 31, 2015	530,763	-	530,763
Charge for the year	490,491	-	490,491
Balance at December 31, 2016	1,021,254	-	1,021,254
Accumulated Impairment Loss			
Balance at January 1, 2015	-	1,692,399	1,692,399
Impairment loss	2,195,279	-	2,195,279
Balance at December 31, 2015 and December 31, 2016	2,195,279	1,692,399	3,887,678
Net Book Value			
Balance at December 31, 2016	39,293,105	60,080	39,353,185
Balance at December 31, 2015	23,604,771	60,080	23,664,851

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

	Land and Building RM
Company	
Cost	
Balance at January 1, 2015	4,796,208
Additions	65,860
Transfer from property, plant and equipment (Note 11)	10,284,805
Balance at December 31, 2015	15,146,873
Additions	16,750,830
Balance at December 31, 2016	31,897,703
Accumulated Amortisation	
Balance at January 1, 2015	152,138
Charge for the year	508,677
Balance at December 31, 2015	660,815
Charge for the year	760,279
Balance at December 31, 2016	1,421,094
Net Book Value	
Balance at December 31, 2016	30,476,609
Balance at December 31, 2015	14,486,058

Included in the above are:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cost				
Freehold land	22,996,128	12,526,128	12,696,128	2,226,128
Long term leasehold land	8,544,702	8,708,502	3,176,018	3,230,774
Buildings	7,812,355	2,430,221	14,604,463	9,029,156
	39,353,185	23,664,851	30,476,609	14,486,058

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Rental income	337,500	140,632	327,170	123,887
Direct operating expenses:				
Income generating investment properties	390,712	142,478	345,171	96,867
Non-income generating investment properties	642,586	541,789	471,084	438,301

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

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.

Included in addition of the Group is compensation to Native Customary Rights' owners and other incidental costs of RMNil (2015: RM5,196,887).

Security

Total leasehold land and buildings of the Company with a carrying amount of RM25,988,104 (2015: RM9,889,789) is pledged to a licensed bank for facilities granted to the Company. The said properties are rented to a subsidiary and thus are reclassified to property, plant and equipment at the Group level.

Fair value information

Fair value of investment properties are categorised as follows:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Freehold land and building	35,309,898	19,350,000	23,309,898	7,350,000
Long term leasehold land and building	12,768,518	10,400,000	10,028,206	9,889,789
	48,078,416	29,750,000	33,338,104	17,239,789

Level 3 fair value

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.

Impairment loss

Impairment assessment is carried out by comparing the carrying amount to the fair value based on professional valuation. In 2015, an impairment loss of RM2,195,279 was recognised after comparing its carrying amount to its recoverable amount of RM6,500,000. After impairment, the recoverable amount of the investment property is equal to the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

14. **INVESTMENTS IN SUBSIDIARIES**

	The Company 2016 RM	The Company 2015 RM
Unquoted shares, at cost	50,605,271	50,605,271
Add: Addition	100	-
	50,605,371	50,605,271
Less: Accumulated impairment loss	(16,516,163)	(16,516,163)
	34,089,208	34,089,108
Amounts due from subsidiaries	83,034,942	72,999,578
	117,124,150	107,088,686

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.

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

Name of Company	Principal Activities	Effective ownership interest and voting interest 2016 %	2015 %
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	100
Premium Dragon Sdn. Bhd.	Investment holding	100	100
Nusantara Daya Sdn. Bhd.	Investment holding	100	100
Harn Len Realty (Tampoi) Sdn. Bhd.	Property investment	100	100
Harn Len Realty (Serian) Sdn. Bhd.	Property investment	100	100
Tanaim Sdn. Bhd.@	Transportation services	100	100
Harn Len Management Sdn. Bhd.	Oil palm estate and plantation management	100	100
Uniglobal Sdn. Bhd.	Dormant	100	100
Han Yin Development Sdn. Bhd.	Dormant	100	100
Zhangxern Corporation Sdn. Bhd.	Dormant	100	100
Sinar Majestic Sdn. Bhd.	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Name of Company	Principal Activities	Effective ownership interest and voting interest 2016 %	2015 %
Golden Majestic Sdn. Bhd.	Dormant	100	100
Harn Len (Balai Ringin) Sdn. Bhd.	Dormant	100	100
Harn Len Development (Jerok) Sdn. Bhd.[#]	Dormant	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 Bengunan 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.

[#] During the financial year, the Company subscribed to 100% ownership interest and voting interest in Harn Len Development (Jerok) Sdn. Bhd.

15. GOODWILL ON CONSOLIDATION

	The Group RM
At cost	
Balance at January 1, 2015, December 31, 2015 and December 31, 2016	6,490,491
Accumulated impairment losses	
Balance at January 1, 2015, December 31, 2015 and December 31, 2016	695,692
Carrying amount	
Balance at December 31, 2015 and December 31, 2016	5,794,799

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

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 aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2016 RM	2015 RM
Masranti Plantation Sdn. Bhd.	5,794,799	5,794,799

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:

a. Cash flows were projected based on a 20 years forecast and projections;
b. Commodity price was projected based on current market price of RM500/MT (2015: RM392/MT) and remains constant throughout the projected period;
c. A pre-tax discount rate of 18.60% (2015: post-tax discount rate of 10%) was applied in determining the recoverable amount of the unit;
d. Average palm yields ranging from 18 to 20 (2015: 17 to 19) metric tonnes per hectares;
e. Administration expenses were projected at an annual increase of 5% (2015: 5%) per annum; and
f. Plantation expenditure was projected based on historical trend; and
g. Hectarage of the plantation plots was forecasted based on 5,079 (2015: 5,079) hectares throughout the projected period.

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.

Based on management's assessment, the estimated cash flow generated by Masranti Plantation Sdn. Bhd. is higher than the carrying amount of the goodwill. As such, no impairment is required.

16. DEFERRED TAX ASSETS (LIABILITIES)

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At beginning of year	(10,829,181)	(11,803,510)	1,820,900	(112,000)
Transfer to(from) profit or loss (Note 9)	(5,771,465)	974,329	643,100	1,932,900
At end of year	(16,600,646)	(10,829,181)	2,464,000	1,820,900

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax assets	4,253,354	1,820,900	2,464,000	1,820,900
Deferred tax liabilities	(20,854,000)	(12,650,081)	-	-
	(16,600,646)	(10,829,181)	2,464,000	1,820,900

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax assets (before offsetting)				
Temporary differences arising from:				
Provision	280,000	251,000	231,000	200,000
Unabsorbed capital allowances	192,000	2,532,254	192,000	1,218,900
Unutilised tax losses	7,541,354	7,256,000	5,752,000	5,023,000
	8,013,354	10,039,254	6,175,000	6,441,900
Offsetting	(3,760,000)	(8,218,354)	(3,711,000)	(4,621,000)
Deferred tax assets (after offsetting)	4,253,354	1,820,900	2,464,000	1,820,900
Deferred tax liabilities (before offsetting)				
Temporary differences arising from:				
Biological assets	4,398,000	-	-	-
Property, plant and equipment				
- Capital allowances	15,932,000	16,483,435	3,711,000	4,621,000
- Revaluation	4,284,000	4,385,000	-	-
	24,614,000	20,868,435	3,711,000	4,621,000
Offsetting	(3,760,000)	(8,218,354)	(3,711,000)	(4,621,000)
Deferred tax liabilities (after offsetting)	20,854,000	12,650,081	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

17. INVENTORIES

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At cost:				
Agricultural produce	1,481,317	1,692,847	180,464	222,529
Consumables and spares	3,205,588	3,159,250	716,682	612,836
Nursery	2,727,125	1,474,641	439,104	-
	7,414,030	6,326,738	1,336,250	835,365

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade receivables	4,970,549	6,277,716	1,661,751	1,940,501
Less: Allowance for doubtful debts	(24,888)	(43,108)	(24,888)	(43,108)
	4,945,661	6,234,608	1,636,863	1,897,393
Other receivables	495,456	1,696,463	280,400	374,485
Deposits	120,951	29,280	91,670	-
Prepaid expenses	8,275,786	3,600,208	6,292,193	2,523,613
	8,892,193	5,325,951	6,664,263	2,898,099

The Group's and the Company's normal trade credit term is 7 days (2015: 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Neither past due nor impaired	4,838,871	6,149,608	1,530,073	1,813,393
1 to 30 days past due not impaired	83,027	61,000	83,027	60,000
31 to 60 days past due not impaired	21,933	24,000	21,933	24,000
Past due more than 60 days not impaired	1,830	-	1,830	-
	4,945,661	6,234,608	1,636,863	1,897,393
Impaired	24,888	43,108	24,888	43,108
	4,970,549	6,277,716	1,661,751	1,940,501

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 RM106,790 (2015: RM85,000) 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.

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	
	2016 RM	2015 RM
At January 1	(43,108)	(60,592)
Charge for the year	(4,580)	-
Written off	1,500	17,484
Reversal of impairment losses	21,300	-
At December 31	(24,888)	(43,108)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

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.

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

	The Group and the Company	
	2016 RM	2015 RM
Industrial properties	4,506,423	1,609,243
Sarawak land from natives (Note 28)	1,633,710	913,710

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 has 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 an amount of RM108,000,670 (2015: RM148,883,163) which bears interest at 3.50% to 3.75% (2015: 3.75%) per annum and are repayable on demand.

The amounts owing from (to) affiliated companies are in respect of trade services received, 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	
	2016 RM	2015 RM	2016 RM	2015 RM
Amount owing from subsidiaries	-	-	47,214,515	76,804,380
Less: Impairment loss	-	-	(43,452,000)	(43,452,000)
	-	-	3,762,515	33,352,380
Amount owing from affiliated companies	845,017	1,855,318	249,982	-
Less: Impairment loss	(521,307)	-	-	-
	323,710	1,855,318	249,982	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

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

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Subsidiaries				
Dividend income	-	-	-	3,937,876
Interest income	-	-	1,907,882	4,864,804
Interest expense	-	-	61,978	1,035,602
Transportation charge	-	-	880,116	1,008,340
Affiliated companies				
Management fee income	60,000	60,000	60,000	60,000
Rental income	172,749	172,749	135,849	172,749
Purchase of air tickets	150,805	154,646	77,392	55,287
Purchase of fresh fruit bunches	1,120,745	886,687	-	-
Insurance expense	421,334	515,827	259,915	200,351
Hiring of heavy machinery	56,997	76,100	56,997	76,100
Rental of motor vehicles	-	9,000	-	9,000
Services income	-	1,441,081	-	-
Share of loss arising from estates and plantation management	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	1,331,278	1,451,570	1,222,078	1,353,260

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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Short-term employee benefits	3,380,432	2,921,422	2,089,652	1,947,262

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

20. CASH AND BANK BALANCES

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	3,116,168	10,101,384	1,019,383	1,262,764
Deposits with licensed banks	358,516	328,894	358,516	328,894
	3,474,684	10,430,278	1,377,899	1,591,658

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, 2015	-
Transfer from property, plant and equipment (Note 11)	9,413,689
Transfer from biological assets (Note 12)	4,186,311
Balance at December 31, 2015	13,600,000
Transfer to property, plant and equipment (Note 11)	(9,413,689)
Transfer to biological assets (Note 12)	(4,186,311)
Balance at December 31, 2016	-

On August 27, 2015, a subsidiary, Gemilang Bumimas Sdn. Bhd., entered into a Sales and Purchase Agreement with a third party, to dispose off 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

22. **CAPITAL AND RESERVES**

Share capital

	The Group and the Company 2016 RM	The Group and the Company 2015 RM
Authorised		
At beginning and end of year		
500,000,000 ordinary shares of RM1 each	500,000,000	500,000,000
Issued and fully paid		
At beginning and end of year		
185,477,159 ordinary shares of RM1 each	185,477,159	185,477,159

Reserves

	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
Distributable				
Retained earnings	119,648,220	127,988,051	72,735,819	84,440,768
Non-distributable				
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
Treasury shares	(5,044,265)	(944)	(5,044,265)	(944)
	127,506,809	140,889,961	80,594,408	97,342,678

Treasury shares

At the Annual General Meeting held on July 12, 2016, the shareholders of the Company approved the Company's plan to repurchase its own shares.

During the financial year, the Company repurchased from the open market a total of 5,539,000 (2015: 1,000) units of its issued ordinary shares. The total amount paid for the acquisition of the shares was RM5,043,321 (2015: RM944) and has been deducted from the equity. The repurchase transactions were financed by internally generated funds and the average repurchase price was RM0.91 (2015: RM0.94) per ordinary share including transaction costs. The repurchased shares are being held as treasury shares.

At December 31, 2016, a total of 5,540,000 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

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:

	2016	2015
Harn Len Pelita Bengunan Sdn. Bhd.		
NCI percentage of ownership interest and voting interest	40%	40%
	RM	RM
Carrying amount of NCI	(10,307,545)	(13,764,989)
Profit (Loss) attributable to NCI	3,457,444	(5,600,494)
Summarised financial information before intra-group elimination		
As at December 31		
Non-current assets	75,164,149	54,194,072
Current assets	3,057,636	2,592,364
Non-current liabilities	(35,709)	(87,114)
Current liabilities	(104,172,938)	(91,021,793)
Net liabilities	(25,986,862)	(34,322,471)
As at December 31		
Revenue	24,574,027	16,571,823
Profit (Loss) for the year	8,335,609	(14,001,234)
Cash flows from operating activities	2,004,281	14,393,564
Cash flows used in investing activities	(1,842,204)	(14,089,233)
Cash flows used in financing activities	(103,733)	(166,634)
Net increase in cash and cash equivalents	58,344	137,697

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

24. RETIREMENT BENEFITS

	The Group and the Company	
	2016	2015
	RM	RM
Balance at January 1, 2016	760,000	754,000
Charge for the year	88,000	6,000
Balance at December 31, 2016	848,000	760,000

25. LOANS AND BORROWINGS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Secured:				
Term loans	42,163,814	15,059,180	19,074,411	6,089,820
Bank overdrafts	17,242,784	25,524,820	-	-
Finance lease payables	66,993,583	70,540,871	1,115,631	1,790,737
	126,400,181	111,124,871	20,190,042	7,880,557
Unsecured:				
Term loans	5,146,350	3,640,404	-	-
Bank overdrafts	23,849,650	14,919,373	14,981,324	14,919,373
	28,996,000	18,559,777	14,981,324	14,919,373
	155,396,181	129,684,648	35,171,366	22,799,930
Less: Interest-in-suspense Finance lease payables	(42,506,103)	(43,933,092)	(57,775)	(124,660)
Principal outstanding (Note 29)	112,890,078	85,751,556	35,113,591	22,675,270
Less: Amount due within 12 months (shown under current liabilities)				
Term loans	(1,531,070)	(265,073)	(698,010)	(245,136)
Bank overdrafts	(41,092,434)	(40,444,193)	(14,981,324)	(14,919,373)
Finance lease payables	(3,599,376)	(3,510,503)	(510,982)	(607,016)
	(46,222,880)	(44,219,769)	(16,190,316)	(15,771,525)
Non-current portion	66,667,198	41,531,787	18,923,275	6,903,745

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Term loans				
Later than one year but not later than two years	11,026,037	1,525,207	1,496,719	506,458
Later than two years but not later than five years	17,283,215	6,231,566	2,513,147	853,152
More than five years	17,469,842	10,677,738	14,366,535	4,485,074
	45,779,094	18,434,511	18,376,401	5,844,684
Finance lease payables				
Later than one year but not later than two years	3,447,299	4,956,691	546,874	512,034
Later than two years but not later than five years	425,807	1,492,945	-	547,027
More than five years	17,014,998	16,647,640	-	-
	20,888,104	23,097,276	546,874	1,059,061
	66,667,198	41,531,787	18,923,275	6,903,745

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 8.25% (2015: 4.65% to 8.25%) and 4.65% (2015: 4.65%) 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 6.6% to 7.92% (2015: 6.6% to 7.92%) and 7.1% (2015: 7.1%) per annum respectively.

The term for finance lease arrangements ranging from 1 to 60 years (2015: 1 to 60 years). For the financial year ended December 31, 2016, the interest rates ranged from 2.29% to 6.00% (2015: 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 fully secured.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (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 (2015: 60 to 90 days).

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	20,054,867	21,859,545	5,911,025	5,453,585
Accrued expenses	4,633,306	4,277,689	394,604	514,738
	24,688,173	26,137,234	6,305,629	5,968,323

27. CAPITAL COMMITMENTS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Contracted but not provided for	221,000	22,308,197	-	19,475,040
Authorised but not contracted for	36,336,540	22,307,725	12,018,640	3,542,552
	36,557,540	44,615,992	12,018,640	23,017,592

28. CONTINGENT LIABILITIES

Land compensation

As disclosed in Note 11 and 13, the Group has paid compensation to Native Customary Rights' owners and incurred other incidental costs amounting to RMNil (2015: RM5,325,059). Although the Group has legal title to the land, the natives still claim that they have ownership of the land, and thus compensation is made to resolve the dispute with the natives. Similar claims may still arise for the Group's operations in Sarawak in future.

Purchase of land

As disclosed in Note 18, the Group has paid a deposit of RM1,633,710 (2015: RM913,710) for the acquisition of land from natives in Sarawak for a total consideration of RM3,850,350. As the acquisition of land involves natives with no title deed to the land, there is a risk associated with the said land and that the deposit and the entire land costs upon completion of the transaction may be impaired if the Group is unable to eventually gain full control over the land.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

29. 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 2015.

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.

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	
	2016	**2015**
	RM	**RM**
Total liabilities	194,437,697	150,735,514
Total equity	302,676,423	312,602,131
Debt-to-equity-ratios	0.64	0.48
Total loans and borrowings (Note 25)	112,890,078	85,751,556
Total equity	302,676,423	312,602,131
Gearing ratio	0.37	0.27

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

Categories of Financial Instruments

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial assets				
Trade receivables	4,945,661	6,234,608	1,636,863	1,897,393
Other receivables and deposits	616,407	1,725,743	372,070	374,485
Amount owing from subsidiaries	-	-	3,762,515	33,352,380
Amount owing from affiliated companies	323,710	1,855,318	249,982	-
Cash and bank balances	3,474,684	10,430,278	1,377,899	1,591,658
	9,360,462	20,245,947	7,399,329	37,215,916
Financial liabilities				
Trade payables	34,999,255	23,767,854	14,303,401	10,838,200
Other payables and accrued expenses	24,688,173	26,137,234	6,305,629	5,968,323
Amount owing to subsidiaries	-	-	1,077,700	698,938
Amount owing to affiliated companies	157,554	1,060,469	32,719	784,618
Loans and borrowings	112,890,078	85,751,556	35,113,591	22,675,270
	172,735,060	136,717,113	56,833,040	40,965,349

Financial Risk Management

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's short, medium and long-term funding and liquidity management requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

As at December 31, 2016, the Group's and the Company's current liabilities exceeded its current assets by RM80,105,707 and RM22,837,871 (2015: RM51,165,827 and RM6,877,413) 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	
	2016	**2015**
	RM	**RM**
Unsecured bank overdraft facility reviewed annually and payable at call:		
- amount used	23,870,000	20,680,000
- amount unused	3,130,000	6,320,000
	27,000,000	27,000,000
Unsecured term loan facility reviewed annually and payable at call:		
- amount used	5,130,000	3,620,000
- amount unused	2,870,000	4,380,000
	8,000,000	8,000,000
Secured bank overdraft facility		
- amount used	17,240,000	19,840,000
- amount unused	2,560,000	160,000
	19,800,000	20,000,000
Secured term loan facility		
- amount used	43,320,000	15,940,000
- amount unused	11,910,000	26,030,000
	55,230,000	41,970,000

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, 2016 (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							
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	41,092,434	41,092,434	-	-	-
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	-	-	-
	172,735,060		229,950,333	109,861,567	18,257,308	24,583,503	77,247,955
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	14,981,324	14,981,324	-	-	-
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	-	-	-
	56,833,040		65,795,573	38,795,066	2,109,826	4,632,732	20,257,949

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (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							
2015							
Non-derivative financial liabilities							
Term loans	18,699,584	4.65 - 8.25	24,232,895	1,561,601	2,244,403	7,461,247	12,965,644
Finance lease payables	26,607,779	2.29 - 6.00	70,540,871	4,664,368	5,293,212	5,715,125	54,877,166
Bank overdrafts	40,444,193	6.60 - 7.92	40,444,193	40,444,193	-	-	-
Trade payables	23,767,854	-	23,767,854	23,767,854	-	-	-
Other payables and accrued expenses	26,137,234	-	26,137,234	26,137,234	-	-	-
Amount owing to affiliated companies	1,060,469	-	1,060,469	1,060,469	-	-	-
	136,717,113		186,183,516	97,635,719	7,528,615	13,176,372	67,842,810
The Company							
2015							
Non-derivative financial liabilities							
Term loans	6,089,820	4.65	9,181,200	524,640	524,640	1,573,920	6,558,000
Finance lease payables	1,666,077	2.29 - 4.90	1,790,737	675,107	550,049	565,581	-
Bank overdrafts	14,919,373	7.10	14,919,373	14,919,373	-	-	-
Trade payables	10,838,200	-	10,838,200	10,838,200	-	-	-
Other payables and accrued expenses	5,968,323	-	5,968,323	5,968,323	-	-	-
Amount owing to subsidiaries	698,938	3.50 - 3.75	698,938	698,938	-	-	-
Amount owing to affiliated companies	784,618	-	784,618	784,618	-	-	-
	40,965,349		44,181,389	34,409,199	1,074,689	2,139,501	6,558,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (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 (2015: two customers) and one customer (2015: one customer), which represent 81% (2015: 93%) and 41% (2015: 77%) 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 RM56,798,493 (2015: RM40,916,196) 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, 2016 (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 fixed rate borrowings are exposed to a risk of change in their fair value due to changes in 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	
	2016 RM	2015 RM	2016 RM	2015 RM
Fixed rate instruments				
Amount owing from subsidiaries	-	-	86,797,457	106,351,959
Deposits with licensed banks	358,516	328,894	358,516	328,894
Finance lease payables	(24,487,480)	(26,607,779)	(1,057,856)	(1,666,077)
Amount owing to subsidiaries	-	-	(1,077,700)	(698,938)
	(24,128,964)	(26,278,885)	85,020,417	104,315,838

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.

Floating rate instruments				
Bank overdrafts	41,092,434	40,444,193	14,981,324	14,919,373
Term loans	47,310,164	18,699,584	19,074,411	6,089,820
	88,402,598	59,143,777	34,055,735	21,009,193

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Floating rate instruments	803	444	309	158

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.

30. **STATEMENT OF CASH FLOWS**

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	3,474,684	10,430,278	1,377,899	1,591,658
Less: Deposits with licensed banks	(358,516)	(328,894)	(358,516)	(328,894)
	3,116,168	10,101,384	1,019,383	1,262,764

During the financial year, the Group and the Company have reclassified bank overdrafts of RM41,092,434 and RM14,981,324 (2015: RM40,444,193 and RM14,919,373) 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. The cash and cash equivalents as at January 1, 2015 of the Group and of the Company have been restated from (RM9,684,721) and (RM4,844,495) to RM2,567,506 and RM1,482,401 respectively to reflect the above reclassification.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (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	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash payments	8,160,772	7,401,587	607,950	3,260,460
Outstanding in finance lease payables	1,156,630	3,430,712	-	158,600
Outstanding in other payables and accrued expenses	219,400	-	-	-
	9,536,802	10,832,299	607,950	3,419,060

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Plantation development expenditure	25,357,316	22,926,804	3,084,143	848,121
Non-cash items:				
Depreciation of property, plant and equipment	(307,852)	(319,191)	-	-
Finance costs	(859,944)	(913,286)	-	-
	24,189,520	21,694,327	3,084,143	848,121

(iv) During the financial year, investment property of the Group and of the Company were acquired by the following means:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash payments	16,178,825	2,814,304	16,750,830	65,860
Outstanding in other payables and accrued expenses	-	2,448,443	-	-
	16,178,825	5,262,747	16,750,830	65,860

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

31. SIGNIFICANT EVENT

On July 12, 2016, the Company entered into a Sale and Purchase Agreement with a third party, for the acquisition of three parcels of land together with factories for a total consideration of RM18,000,000. As at the date of this report the acquisition has not been completed and the acquisition is expected to be completed within the next twelve months.

32. SUBSEQUENT EVENT

Subsequent to the financial year, 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 and RM3,471,593 of total consideration was settled by way of cash. The balance sum of RM10,128,407 of the total consideration will be settled by way of cash within one year from the above date of agreement.

The disposal of the subsidiary is presented under the plantation business segment in accordance with FRS 108 operating segments.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current years' presentation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016 (Cont'd)

34. **SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

The breakdown of the retained earnings of the Group and of the Company as at December 31, 2016, into realised and unrealised profits, pursuant to Paragraph 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements, are as follows:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings of the Company and its subsidiaries:				
Realised	46,969,959	40,934,288	70,271,819	82,619,868
Unrealised	(16,600,646)	(10,829,181)	2,464,000	1,820,900
	30,369,313	30,105,107	72,735,819	84,440,768
Add: Consolidation adjustments	89,278,907	97,882,944	-	-
Total retained earnings	119,648,220	127,988,051	72,735,819	84,440,768

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on December 20, 2010.

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, 1965 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, 2016 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 34, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with
a resolution of the Directors,

LOW QUEK KIONG

LOW KUECK SHIN

Johor Bahru
April 27, 2017

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

I, **LOW QUEK KIONG**, the officer 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 April 27, 2017.

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

GROUP CORPORATE STRUCTURE

Harn Len Corporation Bhd
(502606-H)
(Principal Activities: Operations of Oil Palm Plantations, Oil Milling Operations, Investment Holding, Property Investment & Hotel Operations)

100%
Uniglobal Sdn Bhd
(206333-V)
Principal Activity:
Plantation Operations - Discontinued Operations

100%
Han Yin Development Sdn Bhd
(629928-U)
Principal Activity:
Dormant

100%
Sinar Majestic Sdn Bhd
(957553-H)
Principal Activity:
Dormant

100%
Golden Majestic Sdn Bhd
(957576-V)
Principal Activity:
Dormant

100%
Harn Len (Balai Ringin) Sdn Bhd
(1065764-M)
Principal Activity:
Dormant

100%
Harn Len Management Sdn Bhd
(Formerly known as Harn Len Trading Sdn Bhd)
(656554-M)
Principal Activity:
Management of Plantation

100%
Masranti Plantation Sdn Bhd (MPSB)
(530036-X)
Principal Activity:
Plantation & Oil Milling Operations

100% *subsidiary of MPSB*
Masranti Sebangkoi Sdn Bhd
(1050728-P)
Principal Activity:
Plantation Operations

100% *subsidiary of MPSB*
Masranti Agro Sdn Bhd
(Formerly known as Masranti Agro Development Sdn Bhd)
(1065816-T)
Principal Activity:
Development of Oil Palm Estate

100%
Gemilang Bumimas Sdn Bhd
(808539-P)
Principal Activity:
Plantation Operations

100%
Zhangxern Corporation Sdn Bhd
(713043-P)
Principal Activity:
Property Investment

100%
Harn Len Development (Jerok) Sdn Bhd
(1193197-X)
Principal Activity:
Dormant

100%
Premium Dragon Sdn Bhd
(643228-K)
Principal Activity:
Investment Holding

60%
Harn Len Pelita Bengunan Sdn Bhd
(671658-K)
Principal Activity:
Plantation Operations

100%
Harn Len Realty (Serian) Sdn Bhd
(711091-K)
Principal Activity:
Property Investment

100%
Harn Len Realty (Tampoi) Sdn Bhd
(1041768-P)
Principal Activity:
Property Investment

100%
Nusantara Daya Sdn Bhd
(185882-X)
Principal Activity:
Property Investment

100%
Tanaim Sdn Bhd
(275648-K)
Principal Activity:
Transportation Services

LOCATION OF OPERATIONS

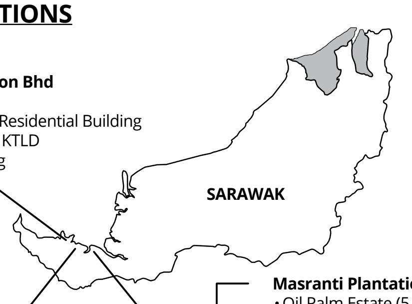
Harn Len Corporation Bhd
- Senang Estate (2,116Ha)
- Lian Hup Estate (2,124 Ha)
- Lian Hup Oil Mill
  All in Mukim Keratong
  District of Rompin

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

Nusantara Daya Sdn Bhd
Vacant Land
PTB 21949
Daerah Johor Bahru
Mukim Bandar, Johor Bahru

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



Gemilang Bumimas Sdn Bhd
Oil Palm Estate (726 Ha)
Bukar-Sadong Land,
Samarahan Division

Harn Len Realty (Serian) Sdn Bhd
Vacant 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 Bangunan Sdn Bhd
Oil Palm Estate (5,951 Ha)
Bukit Bengunan, Sri Aman Division

LIST OF PROPERTIES

	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	54,595	39	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	35,686	N/A	18.07.2003
	Estate Buildings Factory Workshop				886 414	1-49 2-40	
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	37,225	N/A	18.07.2003
	Estate Buildings				1,583	2-40	
iv)	Six (6) units Double-Storey Terrace Shophouses held under - Lot 2046 Grn 2250	Freehold	1,707 sq. ft.	Rented out (Ground Floor) Staff Quarters (1st Floor)		81 81 81 81	15.10.2010
	- Lot 2048 Grn 99923	Freehold	1,617 sq. ft.	Rented Out		81	
	- Lot 2049 Grn 99924	Freehold	1,613 sq. ft.	Rented Out	3,648	81	13.04.2011
	- Lot 2050 Grn 51476	Freehold	1,655 sq. ft.	Rented Out			
	- Lot 2051 Grn 99925	Freehold	1,706 sq. ft.	Rented Out			
	- Lot 2047 Grn 99922 All in Bandar Johor Bahru, District of Johor Bahru, Johor Darul Takzim	Freehold	1,634 sq. ft.	Rented out (Ground Floor) Staff Quarters (1st Floor)	841		
v)	Three (3) units Factory Buildings Lot PTD 52695 H.S.(D) 223695 No. 5 Jalan Firma 2/3, Kawasan Perindustrin Tebrau 1 Johor Bahru	Freehold	130,835 sq. ft.	Factory cum Office Rented Out	16,081	20	17.04.2016
vi)	Seven (7) Storey Office cum Residential Building (Wisma Harn Len) Lot 11255 Section 64, KTLD Jalan Mendu Kuching, Sarawak	Pending Issuance of Title	25,911 sq. ft.	Office cum staff accommodation	9,907	1-3	20.01.2015
2.	**Masranti Plantation Sdn Bhd**						
i)	Lot No 27, Block 2 TRN.: 08-LCLS-024-002-00027 Punda-Sabal Land District of Samarahan Division Sarawak	Leasehold 2061	13.048 Ha	Oil Palm Plantation	59	N/A	15.01.2004
ii)	Lot No 28, Block 2 TRN.: 08-LCLS-024-002-00028 Punda-Sabal Land District of Samarahan Division Sarawak	Leasehold 2061	4,456.4 Ha	Oil Palm Plantation	19,552	N/A	15.01.2004
	Estate Buildings Factory Buildings						

LIST OF PROPERTIES (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
iii)	Lot No 38, Block 8 TRN.: 08-LCPLS-024-008-00038 Punda-Sabal Land District of Samarahan Division Sarawak	Leasehold 2071	525 Ha	Oil Palm Plantation	3,877	N/A	08.09.2011
	Estate Buildings Factory Buildings				5,766 18,414	1-13 1-6	
3.	**Masranti Sebangkoi Sdn Bhd**						
	Kampung Sebangkoi & Kampung Mawang situated at Simunjan Division of Sarawak	NCR Native Land 60 Years	1,670.52 Ha	Oil palm Plantation	16,453	N/A	27.9.13 to 23.7.14
	Estate Buildings				149	2	
4.	**Nusantara Daya Sdn Bhd**						
	Lot PTB 21949 H.S.(D) 443014 Bandar Johor Bahru, District of Johor Bahru, Johor Darul Takzim	Freehold	48,058 sq. ft	Vacant Land	10,300	N/A	28.11.2006
5.	**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	2,133	N/A	23.08.2010
	Estate Buildings				2,685	1-11	
6.	**Gemilang Bumimas Sdn Bhd**						
	Lot No 1513 TRN.: 08-LCPLS-018-000-01513 Bukar-Sadong Land District of Samarahan Division, Sarawak	Provisional Lease 21.01.2068	726 Ha	Oil palm Plantation	13,699	N/A	01.06.2010
7.	**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	Vacant land	6,375	N/A	18.08.2011
8.	**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	2,230	N/A	04.01.2015
9.	**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 Land	2,361		17.11.2016
					264,919		

N/A – Not Applicable
NCR – Native Customary Rights

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

ISSUED AND PAID-UP SHARE CAPITAL	:	RM185,477,159 DIVIDED INTO 185,477,159 ORDINARY SHARES
NO. OF TREASURY SHARES HELD BY THE COMPANY	:	5,541,000
CLASS OF SHARES	:	ORDINARY SHARES
NO OF SHAREHOLDERS	:	2,635
VOTING RIGHTS	:	ONE VOTE PER ORDINARY SHARE

A) LIST OF SUBSTANTIAL SHAREHOLDERS

		Direct		Deemed interest in shares	
No.	**Name of Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Tan Sri Dato' Low Nam Hui *(Deceased)*	5,384,333	2.99	119,842,275*1	66.60
2.	Puan Sri Datin Chan Pui Leorn	550,000	0.31	124,676,608*2	69.29
3.	Dato Liew Kuek Hin	-	-	114,507,245*3	63.64
4.	Low Quek Kiong	75,000	0.04	125,151,608*4	69.55
5.	Low Kueck Shin	-	-	125,226,608*5	69.59
6.	Low Kwek Lee	-	-	125,226,608*5	69.59
7.	Low Kuek Kong	-	-	125,226,608*5	69.59
8.	Low Kuit Son	-	-	125,226,608*5	69.59
9.	Low Kok Yong	720,000	0.40	124,506,608*6	69.19
10.	Low Kok Yaow	-	-	125,226,608*5	69.59
11.	Low Siew Eng	200,800	0.11	125,025,808*7	69.48
12.	LNH Enterprise Sdn Bhd	49,107,896	27.29	2,517,030*8	1.40
13.	Low Nam Hui United Holdings Sdn Bhd	40,205,679	22.34	-	-
14.	Low Nam Hui & Sons Sdn Bhd	10,931,070	6.07	-	-
15.	LNH (C&E) Sdn Bhd	-	-	10,931,070*9	6.07
16.	Shande Ancestral Park Berhad	10,500,000	5.84	-	-
17.	Dato' Sri Law Kiu Kiong	7,591,800	4.22	4,300,681*10	2.39

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 31 MARCH 2017 (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.*

*9. *Deemed interested in the shares held by Low Nam Hui & Sons Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

*10. *Deemed interest in 4,300,681 ordinary shares in Harn Len Corporation Bhd held by Law Kiong Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

B) LIST OF DIRECTORS' SHAREHOLDINGS

		Direct		Deemed interest in shares	
No.	**Name of Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Puan Sri Datin Chan Pui Leorn	550,000	0.31	124,676,608*1	69.29
2.	Low Quek Kiong	75,000	0.04	125,151,608*2	69.55
3.	Low Kueck Shin	-	-	125,226,608*3	69.59
4.	Low Kwek Lee	-	-	125,226,608*3	69.59
5.	Low Kuek Kong	-	-	125,226,608*3	69.59
6.	Lee Chon Sing	1	0.00	-	-
7.	Low Kok Yong	720,000	0.40	124,506,608*4	69.19
8.	Low Kok Yaow	-	-	125,226,608*3	69.59
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 31 MARCH 2017 (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 (%)
	49	Less than 100	1,424	0.000
	976	100 to 1,000	267,259	0.148
	1,082	1,001 to 10,000	5,490,124	3.051
	454	10,001 to 100,000	15,188,658	8.441
	69	100,001 to less than 5% of issued shares	48,244,049	26.811
	5	5% and above of issued shares	110,744,645	61.546
Total:	2,635		179,936,159	100.00

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	22.34
2.	LNH ENTERPRISE SDN. BHD.	37,413,896	20.79
3.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LNH ENTERPRISE SDN BHD	11,694,000	6.50
4.	LOW NAM HUI & SONS SDN. BHD.	10,931,070	6.07
5.	SHANDE ANCESTRAL PARK BERHAD	10,500,000	5.84
6.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED	8,855,100	4.92

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017 (Cont'd)

D) TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

NO.	NAME	NO. OF SHARES HELD	PERCENTAGE (%)
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW KIU KIONG	6,000,000	3.33
8.	LOW NAM HUI	5,384,333	2.99
9.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW KIONG HOLDINGS SDN. BHD.	4,757,400	2.64
10.	YONG YAOW PROPERTIES SDN. BHD.	2,534,800	1.41
11.	KENANGA CAPITAL SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG YAOW PROPERTIES SDN BHD	2,500,000	1.39
12.	TOH EAN HAI	2,000,000	1.11
13.	SERI CEMERLANG PLANTATION (PAHANG) SDN BHD	1,470,000	0.82
14.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW KIU KIONG	1,220,800	0.68
15.	SERI CEMERLANG PLANTATION (PAHANG) SDN BHD	1,047,030	0.58
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN PUI LEORN(7000640)	550,000	0.31
17.	GAN HONG LIANG	548,100	0.30
18.	MAH FOONG HONG	481,200	0.27
19.	CHIN HON PUN	473,200	0.26
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KOK YONG (E-TJJ)	390,000	0.22
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LAW KIU KIONG	371,000	0.21
22.	TEO KWEE HOCK	360,200	0.20
23.	GAN SIOW YONG	345,600	0.19
24.	LOW KOK YONG	330,000	0.18
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHING SOONG (470478)	328,100	0.18
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG FAAI @ NG YOKE PEI (SRB/PMS)	315,000	0.18
27.	WAN SOO MOY @ WAN YOKE LIN	315,000	0.18
28.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LU LIP LAI (731389)	314,800	0.17
29.	TAN AIK SENG	300,000	0.17
30.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHING SOONG	269,000	0.15

汉联机构有限公司
HARN LEN CORPORATION BHD. (502606-H)
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

I/We ____ NRIC No.__________________________
(Full Name in Capital Letters)

of____
(Full Address)

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

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

____ NRIC No. ________________________
(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 Seventeenth (17th) Annual General Meeting of the Company to be held on Tuesday, 6 June 2017 at 11.00 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 2016		
2.	To approve the payment of Directors' benefits payable to the Directors of the Company up to RM250,000 for the financial year ending 31 December 2017		
3.	To re-elect Mr Loh Wann Yuan as Director		
4.	To re-elect Mr Low Kok Yong as Director		
5.	To re-elect En Mohamed Akwal Bin Sultan Mohamad as Director		
6.	To re-appoint Brig.Jen. (B) Dato' Ali Bin Hj. Musa as Director		
7.	To re-appoint Mr Law Piang Woon as Director		
8.	To re-appoint Mr Lee Chon Sing as Director		
9.	To re-appoint Messrs Deloitte PLT as Auditors and to authorize the Directors to fix their remuneration		
Special Business:-			
10.	Continuing in office as Independent Non-Executive Director - Mr Loh Wann Yuan		
11.	Continuing in office as Independent Non-Executive Director - Brig.Jen. (B) Dato' Ali Bin Hj. Musa		
12.	Continuing in office as Independent Non-Executive Director - Mr Law Piang Woon		
13.	To grant authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
14.	To approve Proposed Renewal of Share Buy-Back		
15.	To approve Proposed Renewal of Shareholders' Mandate - Seri Cemerlang Plantation (Pahang) Sdn Bhd		
16.	To approve Proposed Renewal of Shareholders' Mandate - Low Nam Hui & Sons Sdn Bhd		
17.	To approve Proposed Renewal of Shareholders' Mandate - KangHui Travel Sdn Bhd		
18.	To approve Proposed Renewal of Shareholders' Mandate - LNH Enterprise Sdn Bhd		
19.	To approve Proposed Renewal of Shareholders' Mandate - Horn Lern (Merakai) Sdn Bhd		
20.	To approve Proposed Renewal of Shareholders' Mandate - Horn Lern (Semada) Sdn Bhd		
21.	To approve Proposed Renewal of Shareholders' Mandate - Horn Lern (Krangan) Sdn Bhd		
22.	To approve Proposed Renewal of Shareholders' Mandate - Horn Len (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_______________2017

Notes:-

1. Only members registered in the Record of Depositors as at 29 May 2017 are eligible to attend, speak and vote at the Company's 17th Annual General Meeting or to appoint proxy to attend, speak and vote on his/her behalf.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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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