



ANNUAL REPORT 2013

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





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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth (14th) 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 Wednesday, 18 June 2014 at 11.00 am for the following purposes:-

Ordinary Business:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 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 RM135,000-00 for the financial year ended 31 December 2013. **Resolution 1**
3. To re-elect the Directors who retire in accordance with Article 84 of the Articles of Association of the Company:-
 - i) Puan Sri Datin Chan Pui Leorn **Resolution 2**
 - ii) Mr Low Kuek Kong **Resolution 3**
4. To re-elect the Directors who retire in accordance with Article 91 of the Articles of Association of the Company:-
 - i) Mr Low Kok Yong **Resolution 4**
 - ii) En Mohamed Akwal Bin Sultan Mohamad **Resolution 5**
5. To consider and, if thought fit, to pass the following Ordinary Resolutions:-
 - i) “THAT Tan Sri Dato’ Low Nam Hui retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.” **Resolution 6**
 - ii) “THAT Brig. Jen. (B) Dato’ Ali Bin Hj. Musa retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.” **Resolution 7**
 - iii) “THAT Mr Law Piang Woon retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.” **Resolution 8**
 - iv) “THAT Mr Lee Chon Sing retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.” **Resolution 9**
6. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Directors to fix their remuneration. **Resolution 10**

Special Business:-

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

ORDINARY RESOLUTION 1

7. CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

- i) “THAT authority 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 11**



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

ii) "THAT subject to the passing of Resolution 7, authority 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 12**

iii) "THAT subject to the passing of Resolution 8, authority 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 13**

ORDINARY RESOLUTION 2

8. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 ("AUTHORITY TO ALLOT AND ISSUE SHARES")** **Resolution 14**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares so issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION 3

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

"THAT subject always to the provision of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Company and/or its subsidiaries ("Harn Len Group") shall be mandated to enter into and give effect to renew the specified recurrent related party transactions of a revenue or trading nature of Harn Len Group with the specified classes of related parties as detailed below, set out in Section 2.4 to 2.6 of the Circular to Shareholders dated 27 May 2014:-

- | | |
|--|----------------------|
| (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) Advance Pinnacle Sdn. Bhd. | Resolution 18 |
| (5) LNH Enterprise Sdn. Bhd. | Resolution 19 |
| (6) One63 Ideas Sdn. Bhd. | Resolution 20 |

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

- (i) the recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the interest of the minority shareholders;



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

- ii) the Shareholders' Mandate is subject to annual renewal and disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the Shareholders' Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) and in the manner required under the Bursa Malaysia Securities Berhad Main Market Listing Requirements and as set out in Section 2.6 of the Circular to Shareholders dated 27 May 2014; and
- iii) the Shareholders' Mandate shall continue in force until:-
 - (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming 14th Annual General Meeting at which such Shareholders' Mandate was passed, 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 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act, 1965); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

And that the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

SPECIAL RESOLUTION 1

10. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Resolution 21

"THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix 1 attached to the Annual Report 2013 be hereby approved and adopted.

AND THAT the Directors and Secretary of the Company be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments to the Company's Articles of Association."

- 11. To transact any other matter for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

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 14th 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 10 June 2014. Only a depositor whose name appears on the General Meeting ROD as at 10 June 2014 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

Woo Min Fong (MAICSA No. 0532413)
Fong Siew Kim (MAICSA No. 7022188)
Company Secretaries

Johor Bahru
27 May 2014



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Notes:-

1. Only members registered in the Record of Depositors as at 10 June 2014 are eligible to attend, speak and vote at the Company's 14th 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 and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
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 the meeting.

Explanatory Notes:-

1. Ordinary Business - Item 1 of the Agenda

This Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Articles of Association of the Company does not require a formal approval of the Shareholders. Hence, this Agenda is not put forward for voting.

2. Special Business:-

- Ordinary Resolutions

Resolutions 11, 12 and 13 – Item 7 of the Agenda 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 each has 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.



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

The proposed Resolutions 11, 12 and 13 proposed under Agenda 7(i), 7(ii) and 7(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 Malaysia's Main Market Listing Requirements 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 is set out in the Statement on Corporate Governance in the Annual Report 2013 on page 24.

Resolution 14 – Item 8 of the Agenda Authority to allot and issue shares

The Company had during its 13th Annual General Meeting held on 19 June 2013, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any shares pursuant to this mandate obtained.

This Resolution 14 proposed in Agenda 8 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The Resolution 14, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital 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 issue 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.

Resolutions 15, 16, 17, 18, 19 and 20 – Item 9 of the Agenda Proposed Renewal of Shareholders' Mandate

The Board had on 24 April 2014 announced that the Company would seek the approval from its shareholders for the Proposed Renewal of Shareholders' Mandate. The existing Shareholders' Mandate obtained on 19 June 2013 will expire at the conclusion of the forthcoming 14th Annual General Meeting to be held on 18 June 2014.

The Resolutions 15, 16, 17, 18, 19 and 20 proposed under Agenda 9(1), 9(2), 9(3), 9(4), 9(5) and 9(6), 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., Advance Pinnacle Sdn. Bhd., LNH Enterprise Sdn. Bhd. and One63 Ideas Sdn. Bhd. as set out in Section 2.6 of the Circular to shareholders dated 27 May 2014, which is sent out together with the Company's Annual Report 2013. 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.



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

3. Resolution 21 – Item 10 of the Agenda Proposed Amendments to the Articles of Association

The Resolution 21 proposed under Agenda 10, if passed, will give authority to amend its Articles of Association by re-numbering Article 93(b) to Article 93(b)(i) in order to facilitate the insertion of new Article 93(b)(ii) in respect of Extra or Special Remuneration to Directors, when applicable and to delete the entire Article 162 to be aligned with the amendments to the Main Market Listing Requirements of Bursa Securities.

Appendix 1 Details of the Proposed Amendments to Articles of Association

The Company proposed to implement the following amendments to the Article of Association of the Company:-

Articles	Existing Articles	Amended Articles
To re-number from Article 93(b) to Article 93(b)(i)	<p>Article 93(b)</p> <p>Save as provided in Article 93(a) hereof, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine. All remuneration, other than the fees provided for in Article 93(a) hereof, payable to the non-executive Directors shall be determined by a resolution of the Company in general meeting;</p>	<p>Article 93(b)(i)</p> <p>Save as provided in Article 93(a) hereof, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine. All remuneration, other than the fees provided for in Article 93(a) hereof, payable to the non-executive Directors shall be determined by a resolution of the Company in general meeting;</p>
To insert new Article 93(b)(ii)	None	<p>Article 93(b)(ii)</p> <p>Any Director, who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of percentage of profits, reimbursement of expenses incurred for the Company or otherwise or by any mode of payment (but not a commission on or percentage of turnovers) as the Directors may determine;</p>
To delete Article 162	<p>Article 162</p> <p><u>Alteration of Articles</u></p> <p>The Company shall not delete, amend or add to any of its existing Articles of Association which have been previously approved by the Exchange, unless prior written approval has been sought and obtained from the Exchange for such deletion, amendment or addition.</p>	Deleted



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election by rotation at the 14th Annual General Meeting of the Company pursuant to Article 84 of the Company's Articles of Association:-

- Puan Sri Datin Chan Pui Leorn
- Mr Low Kuek Kong

2. Directors who are standing for re-election at the 14th Annual General Meeting of the Company pursuant to Article 91 of the Company's Articles of Association:-

- Mr Low Kok Yong
- En Mohamed Akwal Bin Sultan Mohamad

3. Directors who are standing for re-appointment at the 14th Annual General Meeting of the Company:-

- Tan Sri Dato' Low Nam Hui
- Brig. Jen. (B) Dato' Ali Bin Hj. Musa
- Mr Law Piang Woon
- Mr Lee Chon Sing

4. Details of attendance of Directors at Board Meetings

*Please refer to Statement of Corporate Governance on page 25 of this Annual Report.

5. Fourteenth (14th) Annual General Meeting of Harn Len Corporation Bhd

Place : Meranti Hall, 4th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru

Date and Time : Wednesday, 18 June 2014 at 11.00 am

6. Securities holdings in the Company by the Directors standing for re-election and re-appointment as at 5 May 2014:-

No.	Name of Directors	Direct		Deemed Interest in Shares	
		No. of Shares	%	No. of Shares	%
1.	Puan Sri Datin Chan Pui Leorn	550,000	0.30	124,780,208*1	67.28
2.	Mr Low Kuek Kong	-	-	125,330,208*2	67.57
3.	Mr Low Kok Yong	720,000	0.39	124,610,208*3	67.18
4.	En Mohamed Akwal Bin Sultan Mohamad	-	-	-	-
5.	Tan Sri Dato' Low Nam Hui	5,384,333	2.90	119,945,875*4	64.67
6.	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
7.	Mr Law Piang Woon	-	-	-	-
8.	Mr Lee Chon Sing	1	0.00	-	-

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, Tan Sri Dato' Low Nam Hui, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

- *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, 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 6A of the Companies Act, 1965.*
- *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, Tan Sri Dato' Low Nam Hui, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.*
- *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, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 6A of the Companies Act, 1965.*

6. Profile of Directors standing for re-election and re-appointment

*Please refer to the section on profile of Directors on pages 13 to 18 of this Annual Report.





5 YEARS KEY STATISTICS

	YEAR					
	2013	2012	2011	2010	2009	
FINANCIAL PERFORMANCE						
Revenue	(RM'000)	256,803	256,648	166,767	131,487	103,078
Profit From Operations	(RM'000)	144,279	11,092	26,838	24,001	17,100
Ebitda	(RM'000)	162,559	27,057	40,133	36,749	28,722
Profit Before Tax	(RM'000)	133,979	2,662	19,996	17,051	10,958
Taxation (Income)/Expense	(RM'000)	(2,076)	6,570	8,164	6,253	5,974
Profit / (Loss) After Tax	(RM'000)	136,056	(3,908)	11,832	10,798	4,984
Net profit / (Loss) to equity holders	(RM'000)	136,075	(509)	13,298	12,832	6,905
Shareholders' Equity	(RM'000)	352,832	253,853	254,362	244,774	231,942
Total Assets	(RM'000)	486,462	444,470	421,789	393,590	364,462
Total Borrowings	(RM'000)	56,481	145,259	125,434	114,341	98,310
Return on Equity	%	38.57	(0.20)	5.23	5.24	2.98
PE Ratio (times)		2	n/a	11	12	19
Return on Total Assets	%	27.97	(0.11)	3.15	3.26	1.89
Gearing Ratios		1: 6.25	1:1.75	1:2.03	1:2.14	1:2.36
Interest Cover (times)		15.8	3.2	4.8	5.2	4.6
Nett Debts to shareholders equity	%	16	57	49	47	42
Earnings Per Share-Basic	Sen	73.4	(0.3)	7.2	6.9	3.7
Net Assets Per Share	RM	1.86	1.33	1.33	1.28	1.21
Gross Dividend per share	Sen	20	-	1	1	1
Gross Dividend yield	%	13	-	1.25	1.22	1.43
Share Price at financial year end	Sen	150	89.5	80	82	70
ESTATES						
<u>Planted area</u>						
Mature	(ha)	11,156	12,068	11,301	12,341	12,603
Immature	(ha)	1,327	2,660	3,335	1,941	1,622
Total Planted Area*	(ha)	12,483	14,728	14,636	14,282	14,225
FFB Production	(mt)	189,242	166,165	153,670	146,925	164,914
Yield Per Mature Hectare	(mt/ha)	14.090	13.769	13.598	11.905	13.085
MILLS						
<u>FFB Processed</u>						
Own FFB	(mt)	112,194	86,202	31,081	46,275	68,842
Outside FFB	(mt)	262,043	197,505	76,428	65,066	53,797
Total	(mt)	374,237	283,707	107,509	111,341	122,639
<u>Production</u>						
Crude Palm Oil	mt	74,485	58,081	21,233	21,800	24,548
Palm Kernel	(mt)	17,497	13,493	5,504	6,037	6,802
<u>Extraction Rate</u>						
Crude Palm Oil Extraction Rate	(%)	19.89	20.47	19.69	19.57	20.00
Palm Kernel Extraction Rate	(%)	4.68	4.76	5.14	5.36	5.56
<u>Average Selling Prices (Nett)</u>						
Crude Palm Oil	(RM/mt)	2,296	2,650	3,242	2,713	2,102
Palm Kernel	(RM/mt)	1,246	1,390	2,199	1,770	1,098
Immature (0-3 years)	Ha	1,327	2,660	3,335	1,941	1,622
Young (4-7 years)	Ha	2,274	3,704	4,801	7,282	6,520
Prime (8-19 years)	Ha	7,182	6,664	4,800	180	1,831
Past Prime (> 20 years)	Ha	1,700	1,700	1,700	4,879	4,252

Ebitda - Earnings before Interest, Tax, Depreciation and Amortisation

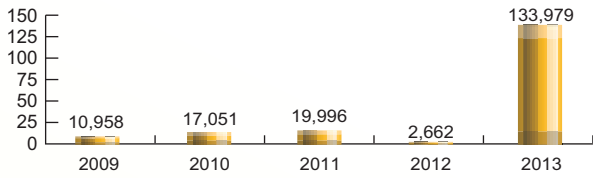
n/a - Not Applicable

*excluded 2,275 Ha of Uniglobal Sdn Bhd

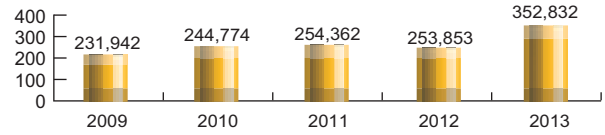


5 YEARS KEY STATISTICS (Cont'd)

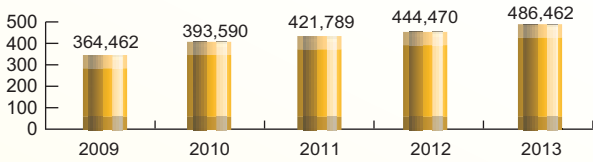
Profit Before Tax 扣税前盈利 (RM'000)



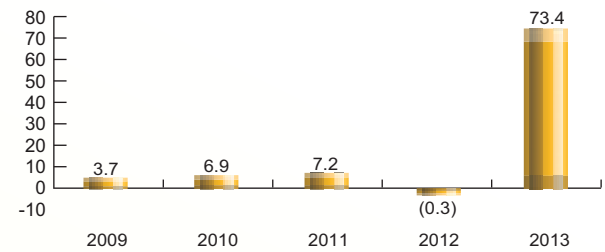
Shareholders' Equity 股东基金 (RM'000)



Total Assets 总资产 (RM'000)



Earnings Per Share-Basic 每股基本收益 (SEN)





CORPORATE INFORMATION



First row from left to right:

Low Kueck Shin, Puan Sri Datin Chan Pui Leorn, Tan Sri Dato' Low Nam Hui, Low Quek Kiong, Lee Chon Sing

Second row from left to right:

Low Kok Yong, Low Kuek Kong, Low Kwek Lee, Loh Wann Yuan, Brig.Jen. (B) Dato' Ali Bin Hj. Musa, Mohamed Akwal Bin Sultan Mohamad, Law Piang Woon

BOARD OF DIRECTORS

Tan Sri Dato' Low Nam Hui	<i>(Executive Chairman)</i>
Puan Sri Datin Chan Pui Leorn	<i>(Executive Director)</i>
Mr Low Quek Kiong	<i>(Executive Director)</i>
Mr Low Kueck Shin	<i>(Executive Director)</i>
Mr Low Kwek Lee	<i>(Executive Director)</i>
Mr Low Kuek Kong	<i>(Executive Director)</i>
Mr Lee Chon Sing	<i>(Executive Director)</i>
Mr Low Kok Yong <i>(Appointed on 1.1.14)</i>	<i>(Executive Director)</i>
Mr Loh Wann Yuan	<i>(Senior Independent Non-Executive Director)</i>
Brig.Jen. (B) Dato' Ali Bin Hj. Musa	<i>(Independent Non-Executive Director)</i>
Mr Law Piang Woon	<i>(Independent Non-Executive Director)</i>
En Mohamed Akwal Bin Sultan Mohamad <i>(Appointed on 28.3.14)</i>	<i>(Independent Non-Executive Director)</i>

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REGISTERED OFFICE / BUSINESS ADDRESS

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

Ms Woo Min Fong (MAICSA No. 0532413)
Ms Fong Siew Kim (MAICSA No. 7022188)

SHARE REGISTRAR

Messrs Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid-Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Telephone No. : 603-22643883
Facsimile No. : 603-22821886

AUDITORS

Messrs KPMG
Chartered Accountants
Level 14, Menara Ansar
80000 Johor Bahru
Johor, Malaysia

PRINCIPAL BANKERS

Public Bank Berhad
Bank of China (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

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

WEBSITE

harnlen.com.my



PROFILE OF DIRECTORS



TAN SRI DATO' LOW NAM HUI
EXECUTIVE CHAIRMAN NON-INDEPENDENT

Tan Sri Dato' Low Nam Hui, aged 96, a Malaysian, was appointed as a Director and Executive Chairman of Harn Len on 25 February 2003 and 1 August 2003 respectively.

An entrepreneur, immediately after the Second World War, he started off as a timber trader and then ventured into transportation, sawmilling, plywood manufacturing, oil palm plantations and palm oil mill operations, property development and hotel operations.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He is the Chairman of all his privately owned private limited companies.

Tan Sri Dato' Low is the Honorary Adviser to the Johor Bahru Chinese Chamber of Commerce and Industry, Johor Associated Chinese Chamber of Commerce and Industry and The Associated Chinese Chambers of Commerce and Industry of Malaysia. He is also the Adviser of All-China Federation of Returned Overseas Chinese.

Tan Sri Dato' Low is the spouse of Puan Sri Datin Chan Pui Leorn and the parent of 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. He 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 31 of the Financial Statements.



PUAN SRI DATIN CHAN PUI LEORN
NON-INDEPENDENT, EXECUTIVE

Puan Sri Datin Chan Pui Leorn, aged 55, a Malaysian, was appointed to the Board of Directors ("Board") Harn Len as an Executive Director on 1 March 2011. Puan Sri Datin Chan was a Manager of Ulu Tiram Transport Company and Lama Trading Company from 1978 and 1983. She has vast experience in the transportation and logistics business, property management, administrative work and corporate planning.

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

Puan Sri Datin Chan is the spouse of Tan Sri Dato' Low and the parent of 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. 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 31 of the Financial Statements.



PROFILE OF DIRECTORS (Cont'd)



LOW QUEK KIONG
NON-INDEPENDENT, EXECUTIVE

Low Quek Kiong ("Low QK"), aged 62, a Malaysian, was appointed to the Board of Harn Len on 25 February 2003 and was subsequently appointed the Executive Director on 1 August 2003. 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 listed companies in Malaysia. He holds directorship in several privately owned private limited companies.

Mr Low QK is the son of Tan Sri Dato' Low and Puan Sri Datin Chan and the sibling of 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 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 31 of the Financial Statements.



LOW KUECK SHIN
NON-INDEPENDENT, EXECUTIVE

Low Kueck Shin ("Low KS"), aged 57, a Malaysian, 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 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.

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

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

Mr Low KS is the son of Tan Sri Dato' Low and Puan Sri Datin Chan and the sibling of Mr Low Quek Kiong, Mr Low Kwek Lee, Mr Low Kuek Kong and Mr Low Kok Yong 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 31 of the Financial Statements.



PROFILE OF DIRECTORS (Cont'd)



LOW KWEK LEE

NON-INDEPENDENT, EXECUTIVE

Low Kwek Lee (“KL Low”), aged 55, a Malaysian, 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, London, England in 1980 and is an associate member of Institut Pengurusan Malaysia (MIM) since 1991. 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 listed companies in Malaysia. He holds directorship in several privately owned private limited companies.

Mr KL Low is the son of Tan Sri Dato’ Low and Puan Sri Datin Chan and the sibling of Mr Low Quek Kiong, Mr Low Kueck Shin, Mr Low Kuek Kong and Mr Low Kok Yong 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 31 of the Financial Statements.



LOW KUEK KONG

NON-INDEPENDENT, EXECUTIVE

Low Kuek Kong (“Low KK”), aged 47, a Malaysian, 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 his family-owned transportation business in 1996, he was a Production Manager in an electronics firm.

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

Mr Low KK is the son of Tan Sri Dato’ Low and Puan Sri Datin Chan and the sibling of Mr Low Quek Kiong, Mr Low Kueck Shin and Mr Low Kwek Lee and Mr Low Kok Yong 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 31 of the Financial Statements.



PROFILE OF DIRECTORS (Cont'd)



LEE CHON SING

NON-INDEPENDENT, EXECUTIVE

Lee Chon Sing, aged 72, a Malaysian, 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 its General Manager until July 2003.

Apart from his directorship in the Company, he does not hold any directorship in other 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.



LOW KOK YONG

NON-INDEPENDENT, EXECUTIVE

Mr Low Kok Yong ("Low KY"), aged 28, a Malaysian 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 later 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 listed companies in Malaysia. He holds directorship in several privately owned private limited companies.

Mr Low KY is the son of Tan Sri Dato' Low and Puan Sri Datin Chan and the sibling of Mr Low Quek Kiong, Mr Low Kueck Shin, Mr Low Kwek Lee and Mr Low Kuek Kong 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 31 of the Financial Statements.



PROFILE OF DIRECTORS (Cont'd)



LOH WANN YUAN

SENIOR INDEPENDENT, NON- EXECUTIVE

Loh Wann Yuan, aged 45, a Malaysian, 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. He is currently practising in areas in conveyancing, commercial and corporate laws.

Apart from his directorship in the Company, he does not hold any directorship in other 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.



BRIG. JEN. (B) DATO'ALI BIN HJ MUSA

INDEPENDENT, NON-EXECUTIVE

Brig. Jen. (B) Dato' Ali Bin Hj Musa ("Dato' Ali"), aged 71, a Malaysian, was appointed to the Board of Harn Len on 25 February 2003. Dato' Ali is the Chairman of the 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 and Kuala Lumpur.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He is a director of a private limited company.

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.



PROFILE OF DIRECTORS (Cont'd)



LAW PIANG WOON
INDEPENDENT, NON-EXECUTIVE

Law Piang Woon, aged 72, a Malaysian, 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.



MOHAMED AKWAL BIN SULTAN MOHAMAD
INDEPENDENT, NON-EXECUTIVE

Mohamed Akwal Sultan Mohamad (En Akwal), aged 60, a Malaysian was appointed to the Board of Harn Len as an Independent Non-Executive Director on 28 March, 2014. He holds a Bachelor of Business Administration and a Diploma in Food Technology.

Mr Akwal has 30 over 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 does not hold any directorship in other listed companies in Malaysia. He holds directorship in several privately owned private limited companies.

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.

CONVICTION OF OFFENCE

None of the Directors of the Company has been convicted of any offence within the past 10 years.



CHAIRMAN'S STATEMENT



Introduction

On behalf of the Board of Directors of Harn Len Corporation Bhd ("Harn Len"), I am pleased to present the Annual Report and Financial Statements of the Group and the Company ("Harn Len Group" or "the Group") for the Financial Year ended 31 December 2013 ("FY 2013").

Financial Performance

For FY 2013, Harn Len Group recorded a slightly improved turnover of RM256,803,005 as compared to the revenue of RM256,648,475 recorded in FY 2012. Profit before tax of the Group increased to RM133,979,246 as compared to a profit before tax of RM2,661,826 in FY 2012 mainly due to the exceptional gain on disposal of its plantation land in Lahad Datu, Sabah amounting to RM139,090,216. Excluding

the gain on disposal, the Group recorded a loss before taxation of RM5,110,970 as compared to an operating profit before tax of RM2,661,826 in FY 2012 mainly due to lower commodity prices during the financial year and higher operating and financial expenses.

Plantation operations continued to remain the core business sector for Harn Len Group accounting for approximately 96.0% of the Group's turnover with the remainder being contribution from the property division. The financial performance of the Group was affected greatly in the first half of FY 2013 from lower commodity prices, which recorded a low of RM2,221 per metric tonne for crude palm oil ("CPO") prices in January 2013, rising to RM2,391 in February 2013 and trending lower to RM2,270 in May before showing a gradual uptrend through the remaining calendar year and peaking at RM2,574 in December 2013. Annual average CPO prices in 2013 was lower at RM2,296 per metric tonne as against RM2,650 per metric tonne in 2012. Higher CPO prices in the later part of the year were mainly supported by the Government's measures to restructure the CPO export duty, higher export performance in the third quarter of the year and concerns over palm oil supply disruption as a result of the monsoon season in the oil palm growing states of the East Coast and Johor and the effects of typhoon Haiyan in the Philippines on coconut oil supplies. However, the Group still managed to record an increase in turnover due to an overall increase in production volume of fresh fruit bunches and CPO.

During FY 2013, the Group's oil palm operations continued to be adversely affected by higher costs of production mainly due to the purchase of fresh fruit bunches from external sources at higher prices, increased manufacturing costs of CPO, higher estate maintenance costs, higher fertilizing costs and transportation charges as well as higher finance costs and depreciation charges. All these factors had the effect of compromising the cash flow position of the Group in FY 2013. The Group continues to take measures to alleviate the issue of increasing operating costs.

The hotel operations of the Group faced a challenging time in FY 2013 due to the opening of several new hotels in the Iskandar region and the greater competition has resulted in the Group having to review its marketing programs to diversify its current market and develop new market segments. Accordingly, the hotel operations performance was subdued in FY 2013 with an average occupancy rate of 70.0% during the year against 71.0% in the previous year.



CHAIRMAN'S STATEMENT (Cont'd)

Corporate Developments

On 31 January 2013, the Company announced that it had entered into a sale and purchase agreement with Tan Sri Dato' Low Nam Hui for the proposed acquisition by the Company of seven pieces of land measuring approximately 14.2 hectares located in the Mukim of Kulai, District of Kulaijaya, Johor Darul Takzim for a total cash consideration of RM10,680,000. The acquisition was completed on 4 March 2013.

On 27 September 2013, the Company announced that its wholly-owned subsidiary, Uniglobal Sdn Bhd ("USB") had entered into a conditional sale and purchase agreement with Boustead Rimba Nilai Sdn Bhd ("BRNSB") for the proposed disposal by USB of two parcels of contiguous plantation land, measuring approximately 5,955.77 acres held respectively under CL 115345401 and CL 115378115 and located in Lahad Datu, Sabah to BRNSB for a cash consideration of RM184,596,825. The disposal has resulted in a gain on disposal of approximately RM139,090,216. The proceeds of the disposal have been utilised to repay bank borrowings and finance working capital requirements of the Group.

The board is pleased to inform that the transaction was completed on 31 December, 2013.

Dividend

Arising from the gain on disposal of USB's land, the Board had on 28 November 2013 declared a single-tier special interim dividend of 20.0% amounting to approximately RM37,095,432 which was paid on 27 January 2014. The dividend is a reward to the shareholders of Harn Len for the faith and loyalty shown to Harn Len Group.

Related Party Transactions

Related party transactions for the FY 2013 are disclosed in Note 31 to the Financial Statements of this Annual Report. Shareholders may refer to the Circular seeking shareholders' approval to renew the mandate for recurrent related party transactions of a revenue or trading nature dated 27 May 2014 sent out together with this Annual Report for more information.

Prospects

The performance of the Group will be closely tied in to global CPO prices and the Board is hopeful that CPO prices will improve in the forthcoming financial year. The Group will remain focused on better managing and planning its oil palm operations to ensure better yields and to impose measures to control the rise in operating costs. However, the Board is fairly optimistic of the immediate future due to the stronger financial position of the Group as a result of the degearing exercise undertaken by the Group from the proceeds of the disposal of USB's land which has alleviated the cashflow and liquidity concerns of the Group substantially. Total bank borrowings of approximately RM141,000,000 was repaid from the proceeds of the disposal.

The Board is cautiously optimistic of Harn Len Group's financial performance for the forthcoming financial year due to its strengthened financial position. The Board also notes improvement in the results of the Group over the second half of FY 2013 compared to the first half due to increased production of fresh fruit bunches at the estates of Masranti Plantation Sdn Bhd and Harn Len Pelita Bengunan Sdn Bhd, better management of estate costs in general and higher commodity prices.

Appreciation

On behalf of the Board of Directors of Harn Len, I wish to express our sincere appreciation to the management and staff for their continued dedication and commitment to the Group and our valued customers, business associates, suppliers and government authorities for their continued support and co-operation.

Finally, I also wish to thank our shareholders for their continued support and confidence, as well as my fellow Board members for their invaluable contribution and efforts extended to the Group during the year.

TAN SRI DATO' LOW NAM HUI
Executive Chairman
29 April 2014



主席致词

本人谨代表汉联机构公众有限公司（汉联）董事局欣然向列位股东提呈公司截至2013年12月31日财政年度的年度营业及财务报告。

财务表现

汉联集团在其2013财政年度之总营业额取得256,803,005令吉，比上一财政年的256,648,475令吉略有增加。而课税前盈利则从上一财政年的2,661,826令吉，增至今年的133,979,246令吉。这包括本集团以139,090,216令吉脱售其位于沙巴州拉辖那笃（Lahad Datu）之园丘所取得的额外收益。然而，除此收益之外，公司遭受到多项因素影响导致今年的课税前亏损为5,110,970令吉而上一财政年度的税前营业溢利则是2,661,826令吉。主要原因是期间的油棕产品价格偏低以及营业费用和财务费较高。

油棕种植业仍继续保持为本集团的核心业务，约占本集团之96巴仙的营业额，其次是取决于投资房地产。在今年的上半年遇到疲软的原棕油价格冲击，起落差异波动颇大，一月份每公吨滑跌至2,221令吉，但二月份又回弹2,391令吉，跟着在五月份再次下降至2,270令吉。接下来下半年价格已逐渐缓缓回升，至12月份时恢复达到每公吨2,574令吉的水平。原棕油价格每年平均每公吨从2012年的2,650令吉跌至2013年之2,296令吉。今年后半年的原棕油价格回升主因是受到政府对棕油业的支持，施行种种措施包括调整原棕油出口关税，加上在今年第三季有较高的出口表现，并关注东北季风季节中东海岸和柔佛州内油棕种植业之操作，以及台风海燕严峻的打击菲律宾之椰油供应。尽管如此，本集团仍能通过提高鲜棕果串的产量和较高的原棕油价格而取得整体营业额增长。

在检讨中的财政年度，本集团的油棕业营运表现继续遭受到各项负面挑战而造成不利影响，主要的冲击包括：以较高的价格向其他供应商购买鲜棕果串、导致增加生产成本，园丘经费增加，肥料价格上涨和更高的营运费用，应付更高的财务费用及折旧费用等。这些因素都影响和损及本集团的现金流动状况。本集团将继续采取适当的措施，以减轻不断增加的经营成本。

在2013年的财政年度，本集团的酒店业务遭遇到严峻的挑战。更多的新建酒店在依斯干达经济特区开始投入服务，因此，本集团的酒店必须审查其市场营销计划和调整，以多样化的营运方针去保持当前的市场兼开拓新市场。相应地，2013年的财政年度酒店运营绩效比上一年的财政年度较逊色。酒店平均客房入住率从71巴仙滑落至70巴仙。

集团业务发展

在2013年1月31日，本公司宣布以10,680,000令吉与丹斯里拿督刘南辉签署买卖协议，认购处于柔佛州古来区的7幅共占地14.2公顷地段并于2013年3月4日正式完成了收购。

在2013年9月27日，本公司宣布汉联机构的独资子公司 Uniglobal Sdn Bhd（全球有限公司）以184,596,825令吉与Boustead Rimba Nilai Sdn Bhd 签署买卖协议，脱售Uniglobal Sdn Bhd（全球有限公司）在沙巴州拉辖那笃（Lahad Datu），编号CL 115345401和 CL 115378115，共占地5,955.77亩的毗连种植土地。这项脱售地段交易获取大约139,090,216令吉的收益。该收益已经运用在偿还银行借款及应付集团的营运需求。

董事局欣然的宣布此交易已经于2013年12月31日顺利完成。

派发股息

从脱售 Uniglobal Sdn Bhd（全球有限公司）地段所取得之收益，董事局在2013年11月28日宣布派发20巴仙之单层次中期股息并于2014年1月27日派发。股息的总额大约为37,095,432令吉。派发此股息是本集团酬谢各位汉联股东对汉联的信心和忠诚之回报。



主席致词 (续)

相关联方的交易

本集团于回顾财政年度所有互相关联公司方面的交易详情已在2013年度报告之财务声明第31项披露。有关通函(誌期:2014年5月27日)寻求股东们批准更新一贯性的相关方面交易事项,已经随同本年年报一起发送出去。

未来展望及前景

集团的业绩表现与全球的原棕油价格紧密挂钩,董事局希望原棕油价格将会在下个财政年度改善。本集团将保持专注及更好的油棕管理和规划措施来确保更好的收益和控制经营成本上升。无论如何,董事局对待不久的将来持相当乐观态度,主要是因为本集团利用在 Uniglobal Sdn Bhd (全球有限公司) 脱售地段所获的收益来降低债务并极大地减轻现金流量和流动性资金问题,故此如今拥有稳固的良好财务状况和强大财政立场。公司已经偿还大约141,000,000令吉的银行借款。

基于其加强财务状况,董事局持谨慎乐观态度注视汉联在即将到来的财政年度的表现。董事局也关注到本集团的2013年的下半年业绩比上半年取得增长,主要因素是 Masranti Plantation Sdn Bhd (金山种植有限公司) 和 Harn Len Pelita Bengunan Sdn Bhd (汉联保利迭(本古南)有限公司) 的园丘油棕鲜果串生产量提高,以及更有效地监控园丘的所有营运成本和更好的棕油产品价格。

鸣谢

本人谨代表汉联董事局,由衷感谢本集团的管理层与全体职员继续为公司努力不懈之付出,同时也衷心感激我们所有尊贵的顾客们、商业伙伴、供应商及政府机构的持续支持与合作。

最后,本人也真诚感谢尊敬的股东们,对本公司坚定不移的支持和信任,并对于本机构的全体董事在过去一年间向集团提出很多建设性的忠告,管理层与股东们从中得益不少。我谨此致万二分之谢意。

丹斯里拿督刘南辉局绅
执行主席
2014年4月29日



STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Harn Len Corporation Bhd (“Harn Len” or “the Company”) recognizes the importance of good corporate governance towards building and maintaining corporate credibility and enhancing shareholders’ value.

The Board is pleased to present the following statement on the application of the principles and compliance with the best practices as set out in the Malaysian Code of Corporate Governance 2012 (“the Code”) and throughout the year ended 31 December 2013. Unless otherwise specified and explained, the Board is of the opinion that the Company has generally complied with the best practices in the Code.

BOARD OF DIRECTORS

Board Roles and Responsibilities

The Board has the ultimate and overall responsibility for setting the objectives and steering the strategic direction of the Company. Other responsibilities of the Board include formulating and reviewing the policies and procedures in succession planning, risk management, internal control and to oversee the management’s performance over the Group’s business operations. In addition, the Board also advocates a policy of maintaining effective communication with shareholders and investors through timely dissemination of announcement to enhance corporate governance best practices within the Company and its Subsidiaries (“Harn Len Group” or “the Group”).

The Executive Directors are primarily responsible for managing the day-to-day operations of the various business segments of the Company comprising plantation, oil milling, hotel management and property investment.

The Independent Non-Executive Directors are actively involved in the various Board Committees. Coming from different backgrounds and fields of expertise, the Independent Directors are able to offer different perspectives and independent assessment of the proposals put forward by management.

Board Charter

The Board is guided by the Board Charter which provides reference for directors in relation to the Board’s role, powers, duties and functions. The primary objective of the Company’s Board Charter (“Charter”) is to set out the roles, composition, principal responsibilities and operation of the Board of Directors to ensure all Board members acting on behalf of the Harn Len Group are aware of their duties and responsibilities as Board members. The Board Charter also addresses the Code of Ethics of the Directors. The approval and adoption of the Board Charter and Directors’ Code of Ethics formalizes the ethical standards to ensure that the Directors, in discharging their duties and responsibilities, practice ethical and lawful business conduct and embrace high standards of personal integrity and professionalism. The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities.

Board Composition and Independence

The Board comprises twelve (12) members, of whom eight (8) are Executive Directors (“EDs”) and four (4) are Independent Non-Executive Directors (“INEDs”). The Board composition complies with the Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) that requires at least two (2) or one-third (1/3) of the Board to be Independent Directors, whichever is the higher.

The Board is comprised of individuals from diverse academic background that provides a collective range of skills, expertise and experience in various fields such as palm oil industry, property investment, legal, accounting and consultancy business. A brief profile of each Director is presented on pages 13 to 18 of this Annual Report.



STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

The INEDs are assessed annually by the Nominating Committee (“NC”) and Board with the completion of Performance Evaluation and the relevant questionnaires to assess the independence of the INEDs, taking into account each of the Director’s ability to exercise judgment at all times and contribute effectively to the functioning of the Board.

Moreover, the INEDs do not engage in day-to-day management of the Group and do not participate in any business dealings and are not involved in any other commercial relationship with the Group that could interfere with their exercise of independent judgments.

The NC and Board have assessed and reviewed the independence of all the three INEDs namely Mr Loh Wann Yuan, Brig. Jen. (B) Dato’ Ali Bin Hj. Musa and Mr Law Piang Woon who have all served for over nine years. Upon the recent assessment and review, it was determined that their long tenure do not in any way interfere with their exercise of objective and impartial judgment. In addition, they have also:-

1. fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements;
2. ensured effective check and balance in the proceedings of the Board and Committee Meetings;
3. actively participated in Board deliberations and provided objectivity in decision making and an independent voice to the Board;
4. devoted sufficient time and attention to their professional obligations;
5. exercised due care in the interest of the Company and shareholders;
6. developed deep insight into the Group’s businesses and operations and therefore will be able to provide invaluable contributions to the Group;

Accordingly, the Board strongly recommends that Mr Loh Wann Yuan, Brig. Jen. (B) Dato’ Ali Bin Hj. Musa and Mr Law Piang Woon be retained as INEDs.

Clear Roles and Responsibilities

There is a clear division of roles and responsibilities between the Executive Chairman (“EC”) and Executive Directors (“EDs”) to ensure there is balance of power and authority and that no one individual has unfettered powers of decision. The executive powers of the Executive Chairman and the Executive Directors are balanced by the presence of Independent Non-Executive Directors who provides unbiased and independent views, advice and exercise their independent judgment on issues of strategy, standards of conduct, resources, process and safeguarding of interests of minority shareholders.

The EC is responsible for providing effective leadership in determination of the Group’s strategy, conduct and governance of the Board. The EC is also responsible for ensuring the efficient organization and conduct of the Board’s function and meetings, and effective communications with shareholders and stakeholders.

The EC, given his years of experience and track record capabilities to show leadership, entrepreneurship skills and business acumen, plays an instrumental role in developing the business of Harn Len Group and provides the Group with strong leadership and vision.

The EDs are collectively responsible for implementing the corporate strategies, policies and decision of the Board as well as initiating the business development efforts of the Group. The ED also ensures the efficiency and effectiveness of the operation for the Group and are responsible for overseeing the administration and management of the day-to-day operations of the Group’s business.



STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

All major proposals and decisions of the Group are discussed and reviewed by the AC which comprised solely of INEDs. The INEDs play a pivotal role in ensuring there are enough check and balance and corporate accountability.

The Board as a whole is ultimately responsible for the decision made on all matters affecting the businesses of the Group. The Board believes the existing arrangement is in the best interest of the Group.

The existing size and composition of the Board is appropriate for the complexity and scale of operations of the Group and conducive for effective conduct of Board Meetings and decision making. With the presence of Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”), comprising mainly independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in one individual.

Sustainability

The Board of Directors regularly reviews the strategic direction of the Company and the progress of the Company’s operation to include sustainable commitment in business practices and development focusing on the environment, socially responsibility and well-being of its employees, the benefits of which are believed to translate into better corporate performance and image. The Corporate Responsibility Statement which provides a better overview on the practices and activities of Harn Len Group is set out on page 31 of this CG Statement.

Board Meetings and Attendance

The Board meets on a scheduled basis at least four (4) times a year and, as and when the need arises. The Chief Financial Officer is usually invited to attend the Board meeting to help provide additional information and/or clarify any issues raised by the Board members. Other key management personnel and/or external advisers may also be invited to attend the meeting when required.

During the financial year, a total of five (5) Board meetings were held. The attendance of each Director is as follows:-

Director	Designation	Designation
Tan Sri Dato’ Low Nam Hui	Executive Chairman	5 out of 5
Puan Sri Datin Chan Pui Leorn	Executive Director	5 out of 5
Mr Low Quek Kiong	Executive Director	5 out of 5
Mr Low Kueck Shin	Executive Director	5 out of 5
Mr Low Kwek Lee	Executive Director	5 out of 5
Mr Low Quek Kong	Executive Director	5 out of 5
Mr Lee Chon Sing	Executive Director	5 out of 5
Mr Low Kok Yong (Appointed w.e.f. 1 January 2014)	Executive Director	N/A
Mr Loh Wann Yuan	Senior Independent Director	5 out of 5
Brig. Jen. (B) Dato’ Ali Bin Hj. Musa	Independent Director	5 out of 5
Mr Law Piang Woon	Independent Director	4 out of 5
En Mohamed Akwal Bin Sultan Mohamad (Appointed w.e.f. 28 March 2014)	Independent Director	N/A

Supply of Information

The agenda of each meeting is determined by the Chairman of the Board with assistance from the Company Secretary. All the Board members are provided with an agenda and a set of Board papers (containing information relevant to the matters for deliberation) usually one week before each Board meeting. This is to ensure that the Board has sufficient opportunity to have queries answered, obtain further explanations if necessary and to be properly briefed before Board meetings.



STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

Supply of Information (cont'd)

Matters discussed include periodical financial information, annual budgets, significant operational, financial and corporate issues, performance of the business units, acquisition and disposal of undertakings and properties of a substantial value. Minutes of Board meeting are circulated to all Directors for their perusal prior to the confirmation of the Minutes at the following Board meeting. The Directors may request for further clarification or raise comments on the minutes prior to confirmation of the minutes as a record of proceedings of the Board.

The Board has full and unrestricted direct access to members of the Senior Management and any officers of the Company for any information relating to the Group's operations in the discharge of their duties.

In exercising their duties, the Directors may seek independent professional advice where deemed necessary, at the Company's expense.

The Board has the services of two (2) Company Secretaries who are responsible to the Board for ensuring that all Board procedures are followed and that applicable laws and regulations are complied with. The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors. The Company Secretary attends all board meetings and ensures that accurate and adequate records of the proceedings of board meetings and decisions made are properly kept.

Directors' Training

All Directors have completed the Mandatory Accreditation Programme (MAP) with the exception of En Mohamed Akwal Bin Sultan Mohamad as required under the Listing Requirements.

The Board encourages each and every individual Director to attend seminars, conferences, workshops and training programmes to update themselves with the latest economic and industry trends, technical developments, new concepts and the latest changes to laws and regulatory requirements. The Board views training as an important knowledge acquisition process for the Directors to contribute effectively to the Company.

Courses and training attended by the Directors during the financial year were identified and recommended by the NC.

The NC shall facilitate an induction programme for the newly appointed directors by providing them with all the key information of the Group's structure and business operations, followed by training programmes including MAP. This is to enable the directors to have clear insight and better understanding of business of the Group and discharge their duties and responsibilities effectively.

During the financial year, the Directors have attended the following trainings:-

Director	Course Title	Trainer/Organiser	Date
Tan Sri Dato' Low Nam Hui	- Proposal to provide Goods & Services Tax Awareness Training	Ernst & Young	26-11-2013
Puan Sri Datin Chan Pui Leorn	- Proposal to provide Goods & Services Tax Awareness Training	Ernst & Young	26-11-2013
Mr Low Quek Kiong	1) Risk Management & Internal Control	Ernst & Young	28-03-2013
	2) Proposal to provide Goods & Services Tax Awareness Training	Ernst & Young	26-11-2013



STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

Director	Course Title	Trainer/Organiser	Date
Mr Low Kueck Shin	1) Continuing Professional Development Seminar	Institute of Approved Companies Secretaries	29-03-2013
	2) Plantations Audit Forum : Sustainability In Business	The Institute of Internal Auditors Malaysia	17-06-2013
	3) IACS-Comtrac Seminar 2013 Governance, Risk & Control for Company Secretaries	Institute of Approved Companies Secretaries	28-10-2013
	4) Company Secretaries Training Programme Essential (Part C)	Suruhanjaya Syarikat Malaysia	21-11-2013
Mr Low Kwek Lee	1) Risk Management & Internal Control	Ernst & Young	28-03-2013
	2) Plantations Audit Forum : Sustainability In Business	The Institute of Internal Auditors Malaysia	17-06-2013
	3) Proposal to provide Goods & Services Tax Awareness Training	Ernst & Young	26-11-2013
Mr Low Kuek Kong	1) Risk Management & Internal Control	Ernst & Young	28-03-2013
	2) Plantations Audit Forum : Sustainability In Business	The Institute of Internal Auditors Malaysia	17-06-2013
	3) Proposal to provide Goods & Services Tax Awareness Training	Ernst & Young	26-11-2013
Mr Lee Chon Sing	1) Risk Management & Internal Control	Ernst & Young	28-03-2013
	2) Proposal to provide Goods & Services Tax Awareness Training	Ernst & Young	26-11-2013
Mr Loh Wann Yuan	1) Risk Management & Internal Control	Ernst & Young	28-03-2013
	2) Proposal to provide Goods & Services Tax Awareness Training	Ernst & Young	26-11-2013
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	- Risk Management & Internal Control	Ernst & Young	28-03-2013

**STATEMENT OF CORPORATE GOVERNANCE (Cont'd)**

Director	Course Title	Trainer/Organiser	Date
Mr Law Piang Woon	1) Risk Management & Internal Control	Ernst & Young	28-03-2013
	2) Corporate Financial Reporting Standards Module (3)	Malaysian Institute of Accountant	24-04-2013 & 25-04-2013
	3) Opportunities & Challenges of Trans Pacific Partnership Agreement	Asian Academy Corporate Administration Sdn Bhd	21-11-2013
	4) Proposal to provide Goods & Services Tax Awareness Training	Ernst & Young	26-11-2013
Mr Low Kok Yong	- Mandatory Accreditation Programme for Directors of Public Listed Companies	Bursatra Sdn Bhd	05-03-2014 & 06-03-2014

BOARD COMMITTEES

In order to assist the Board in discharging its duties, the various Board Committees have been established. The functions and terms of references of the Board Committees are clearly defined and where applicable, comply with the recommendations of the Code.

Audit Committee (“AC”)

The AC comprises wholly of Independent Non-Executive Directors, one of whom is a practicing public accountant. The following are members of the AC:-

Mr Loh Wann Yuan	- Chairman
Mr Law Piang Woon	- Member
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	- Member

The information of the functions and duties of the AC, and its activities carried out during the financial year are set out on pages 35 to 38 of this Annual Report.

Nominating Committee (“NC”)

The NC comprises exclusively of Independent Non-Executive Directors and presently chaired by the Senior Independent Non-Executive Director. The following are members of the NC:-

Mr Loh Wann Yuan	- Chairman
Mr Law Piang Woon	- Member
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	- Member

The NC's responsibilities include assessing and recommending to the Board the candidature of directors, appointment of directors to Board committees, review of Board's succession plans and identify suitable training programmes for the Board. The NC is also responsible for reviewing the required mix of skills, expertise, experience and other qualities (including core competencies) which the Directors should bring to the Board.



STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

Nominating Committee (“NC”) (cont'd)

The nomination process for appointment of directors involves identifying the candidate and then evaluating his/her suitability. The NC will then arrange to meet up with the potential candidate for an interview. After due deliberation, the NC will recommend to the Board the candidate to be appointed as director. The final decision on any appointment rest with the Board.

The attendance of members at the NC meetings held during the year is reflected as follows:-

Director	Attendance
Mr Loh Wann Yuan	2 out of 2
Brig. Jen. (B) Dato' Ali Bin Hj. Musa	2 out of 2
Mr Law Piang Woon	2 out of 2

New Appointment, Re-appointment and Re-election of Directors

The criteria to be used in the procedures of selection, appointment, re-appointment and annual assessment of Directors are set out in the Terms of Reference of the NC.

The Board is aware of gender diversity policy and target set out in Recommendation 2.2 of the Code. Hence, when making recommendations on the selection of candidates for new appointment or on re-appointment of Directors, the NC will consider criteria such as gender, skills, knowledge, expertise, experience, professionalism, character and integrity, competence and time commitment to effectively discharge their roles.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third (1/3) of the remaining Directors including the Managing Director shall retire from office at least once every three (3) years but shall be eligible for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

At the meeting held subsequent to the financial year under review, the Committee had recommended the re-appointment of Tan Sri Dato' Low Nam Hui, Brig. Jen. (B) Dato' Ali Bin Hj. Musa, Mr Law Piang Woon and Mr Lee Chon Sing under Section 129 of the Companies Act, 1965 and the re-election of Puan Sri Datin Chan Pui Leorn and Mr Low Kuek Kong pursuant to Article 84 of the Company's Articles of Association.

Mr Low Kok Yong was appointed with effect from 1 January 2014 as Executive Director of the Company while En Mohamed Akwal Bin Sultan Mohamad was appointed on 28 March 2014 as an Independent Non-Executive Director. The Committee had recommended the re-election of both Mr Low Kok Yong and En Mohamed Akwal Bin Sultan Mohamad pursuant to Article 91 of the Company's Article of Association.

The NC has assessed and evaluated their skills, knowledge, expertise and experience relevant to the Harn Len Group's activities, character of honesty and integrity, professionalism, competence and devotion of sufficient time to their duties and responsibilities prior to their recommendations.



STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

Remuneration Committee ("RC")

The RC met four times during the year and comprises the following Directors:-

Brig. Jen. (B) Dato' Ali Bin Hj. Musa (Independent Non-Executive Director)	- Chairman
Mr Loh Wann Yuan (Senior Independent Non-Executive Director)	- Member
Mr Lee Chon Sing (Executive Director)	- Member

The RC is responsible for developing the Group's remuneration policy framework and recommending the remuneration packages and benefits to be extended to the EDs and key management personnel. The ultimate responsibility of approving the recommendations rests on the Board.

The criteria set for the remuneration of individual Director is primarily based on number of years of working experience, qualifications obtained, level of responsibilities as well as individual and corporate performance.

Policies and Procedures to Attract and Retain Directors

The RC reviews the remuneration package of the ED on an annual basis and submits its recommendations to the Board on specific adjustments and/or rewards that reflect their respective contributions throughout the year. The scope of work of the ED and financial performance of the Harn Len Group are criteria taken into consideration for reviewing the remuneration packages of ED. To ensure that the remuneration packages remains competitive to attract and retain Directors, RC compares the remuneration package offered with that of companies in the same industry. Each individual Director abstains in the deliberation of his own remuneration package. The allowances and director's fees for INED are determined by the Board as a whole.

Directors' Remuneration

The aggregate remuneration of the Directors of the Company categorised into appropriate components is as follows:-

	Executive Directors (RM)	Independent Non-Executive Directors (RM)
Salaries, bonus and allowances	5,614,682	94,000
Fees	10,800	135,000
Attendance Fees	-	58,000

The breakdown of aggregate remuneration for Directors who had served during the financial year in bands of RM50,000 are as follows:-

	Number of Directors	
	Executive Directors	Independent Non-Executive Directors
RM50,001 to RM100,000	-	3
RM400,001 to RM450,000	2	-
RM500,001 to RM550,000	2	-
RM850,000 to RM900,000	2	-
RM2,150,000 to RM2,200,000	1	-
	<u>7</u>	<u>3</u>



STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

Corporate Responsibility Statement

The Group recognizes its obligations as a responsible corporate citizen and endeavors to incorporate sustainable practices and activities to its corporate culture by focusing on the environment, health and safety and the well-being of the community that it serves.

The Group has developed large land banks in Sarawak. During the last decade the development there has brought much social and economic benefit to landowners and villagers who are from the indigenous community. Many jobs have since been created and employments of the locals are given priority. All managerial positions at our estates are held by the locals.

In addition, the Estate Management continues to engage and co-operate with the local community to promote a harmonious working relationship especially in aspects of land procurement and use which are managed in accordance with prevailing local laws and with due respect to its local cultural sensitivities. Local social customs are promoted through sponsorship and donations in cash and kind for various local cultural and religious activities. Contributions have also been made to the local community for festive celebrations during Gawai, Christmas and Hari Raya Aidil Fitri. The Group has earned the trust of the local community with such approach which in the long term has allowed Harn Len to continue developing the surrounding areas of its estates for the further benefit the indigenous community.

Our Group places great emphasis on enhancing living conditions of the communities where we operate. Substantial sums have been invested for housing, provision of electricity and water supplies to the employees in the estates and mills with the objective of providing the residents with better living conditions. In addition, we continue to maintain the roads serving villages around our estates in Sarawak and provide free transport to children going to schools.

The Group practices good agronomic practices like zero burning, contour stacking of the fronds for preventive soil erosion and good water management in peat areas. The oil palm by-products generated such as empty fruit bunches which are naturally rich in nutrients are applied to the fields as organic manure to complement the regular fertiliser programme. The oil mills has a waste water treatment system to ensure that the palm oil effluent is properly treated before release into the field. In addition, light shells and fibres are utilised as green fuel in oil mill boilers for power generation to reduce the reliance on fossil fuels which contributes to global warming.

The Company continues its annual practice of returning to the community by giving yearly educational awards in the form of cash to deserving children of the Group's employees. During the year, the company hosted 'buka puasa' for the aged of Pusat Jagaan Warga Emas Nur Ehsan, Negeri Johor beside giving cash donation and sponsoring household appliances.

Safety and Health Committees (SHC) have been established at various units of the Group's operation. The SHC continues to enhance its current practices of maintaining a safe and healthy working environment by carrying out regular fogging, training on lift rescue and mandating wearing of helmets and safety boots at its mills. Sufficient warning signages and first-aid kits are positioned and displayed at strategic locations in the workplace. Further, in our effort to promote a healthy and work-life balance lifestyle, the Company organizes activities such as Waidangong, a form of peaceful Chinese Qi Gong, twice weekly for its own employees as well as other employees working in the vicinity.





STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the Company's state of affairs, results and cash flows. It is therefore the responsibility of the Board, with the assistance of the AC, to ensure that the preparation and presentation of the Company's financial statements are in accordance with applicable approved Financial Reporting Standards in Malaysia.

The Directors are of the opinion that the Company has adopted appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgment and estimates.

In preparing the annual audited financial statements and the unaudited quarterly financial reports to the shareholders, the Board strives to present a balanced and comprehensible assessment of the Company's financial position and prospects and also ensures that the financial results are released within the stipulated time frame.

Relationship with External Auditors

The Board maintains a transparent and professional relationship with the External Auditors ("EA"), through the Audit Committee and the Board. It is the policy of the AC to meet with the EA at least two (2) times to discuss on audit findings, audit plan and the Company's financial statements. In these meetings, AC will meet the EA without the presence of the Executive Directors and Management. The AC meets additionally with the EA whenever it deems necessary. Regular dialogues are held between the management and the AC with the EA to ensure compliance and accuracy in the preparation of the financial statements. Issues and technical matters raised by the EA are discussed initially with the AC before these are highlighted to the Board.

During the year under review the AC met twice with the EA without the presence of the Executive Directors and Management.

The terms of engagement for the services rendered by the external auditors are reviewed by the AC and approved by the Board.

Internal Audit Function

The Group has an Internal Audit Function that is independent of the activities and operations. The Internal Audit Function of the Group is outsourced to an external consultant, which report directly to the AC. The AC reviews and approves the internal audit plan and the scope of work of the internal audit function.

Details of the activities of the Internal Audit Function are set out in the Statement of Risk Management and Internal Control on pages 39 and 40 of this Annual Report.

Related Party Transactions

All related party transactions are reviewed by the Internal Auditors yearly and a report is submitted to the Audit Committee for their review.

Details of all the related party transactions of the Group for the financial year are disclosed in Note 31 to the Financial Statement of this Annual Report.



STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

Internal Corporate Disclosure Policies and Procedures

The Company is committed to provide the investment community with accurate, comprehensive and high quality material information on a timely basis.

In line with this commitment and in order to enhance good corporate governance, transparency and accountability, the Board has established an Internal Corporate Disclosure Policies and Procedures (“Internal CDP”) to facilitate the handling and disclosure of material information in a timely and accurate manner and to avoid any selective disclosure. This is aim at ensuring that the Company complies with the disclosure requirements as set out in the Listing Requirements and other applicable laws.

SHAREHOLDERS

Dialogue with Investors

The Board acknowledges the need for shareholders to be kept informed of all material business matters affecting the Company. Information on the latest corporate developments affecting the Company are disseminated promptly via public announcements. These announcements are also posted on the Company’s website using Bursa Link.

Annual General Meeting

The Annual General Meeting is an important means of communication with shareholders and it provides opportunity for the shareholders to meet the Board, the External Auditors, the Company Secretaries as well as some of the Company’s key management officers.

Shareholders of the Company have been active at the Annual General Meeting over the past few years as they raised questions at the Directors and offered suggestions. Ample opportunities and time are provided for the shareholders to speak. Their questions and issues raised were addressed by the Directors at the meeting. The Directors welcome their suggestions and feedback and spend time interacting with the shareholders on a more informal basis after the meeting.

The Company believes that a constructive and effective investor relationship is an essential factor in enhancing shareholder value. In this instance, the Company aims to ensure timely disclosure of information to all shareholders. However, the Company is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

COMPLIANCE STATEMENT

In relation to the principles of and the best practices in corporate governance as set forth in the Code, the Board is satisfied that it has generally complied with the Code throughout the financial year.



STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

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 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 on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 29 April 2014.





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 2013 as follows:-

1. Members and Meetings

During the financial year ended 31 December 2013 and up to the date of this report, the AC is comprised of three (3) 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 Members	Designation	Attendance of Meetings
Mr Loh Wann Yuan	Chairman	8 out of 8
Mr Law Piang Woon	Member	8 out of 8
Brig. Jen (B) Dato’ Ali Bin Hj. Musa	Member	8 out of 8

2. Terms of Reference of AC

2.1 Composition

An independent AC shall exist to implement and support the functions of the Board. Members of the AC shall elect the Chairman, and all members of the AC including the Chairman shall hold office as long as they serve as Directors of the Company.

The AC shall be appointed from amongst the Directors and no Alternate Director shall be a member of the AC. The AC shall comprise of at least three members but not more than five members, all of whom shall be Non-Executive Directors with a majority being Independent Directors. At least one (1) member of the AC shall be:-

- (i) a member of the Malaysian Institute of Accountants (MIA); or
- (ii) if not a member of MIA, must have at least three (3) years’ working experience, and
 - (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967.
- or
- (iii) fulfils such other requirements as prescribed or approved by the Exchange.*

*Pursuant to Practice Note 13 of the Listing Requirements, the following qualifications are also acceptable:-

- (a) Either one of the following qualifications and at least 3 years’ post-qualification experience in accounting or finance;
 - (i) a degree/masters/doctorate in accounting or finance; or
 - (ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants.
- or
- (b) At least 7 years’ experience being a chief finance officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.



AUDIT COMMITTEE REPORT (Cont'd)

2. Terms of Reference of AC (cont'd)

2.1 Composition (cont'd)

The Chairman of the AC shall be an Independent Non-Executive Director.

Members of the AC may relinquish their membership with prior written notice to the Secretary of the AC and may continue to serve as Directors of the Company. In the event of any vacancy in the AC, the vacancy shall be filled within three (3) months, and the Nominating Committee shall review and recommend for the Board's approval another appropriate Director to fill the vacancy.

2.2 Objectives

The primary objective of the AC is to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls, management and financial reporting practices of the Company.

Further, in compliance with the Main Market Listing Requirements and the Best Practices recommended in the Malaysian Code of Corporate Governance ("Code"), it is the objective of the AC to assure the shareholders of the Company that the Directors have complied with specified financial standards and required disclosure policies developed by Bursa Malaysia Securities Berhad ("Bursa") and other approved accounting standard bodies.

The AC shall ensure consistency with Bursa's commitment to encourage high standards of corporate disclosure and transparency. The AC also endeavours to adopt practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to the Company's shareholders.

2.3 Duties and Responsibilities

The principal duties and responsibilities of the AC shall include:-

- to review the effectiveness of management information and other systems of control within the Company and the Group;
- to review with the external auditors the scope of their audit plan, their evaluation of the system of internal control and the audit reports on the financial statements;
- to review the quarterly financial statements with management prior to the approval by the Board;
- to review the annual financial statements with management and the external auditors prior to the approval by the Board;
- to do the following, in relation to internal audit function:-
 - consider and recommend the appointment, termination and fee of the internal auditors;
 - review the performance appraisal of internal audit function's staff and to approve the appointment or termination of senior staff members of the internal audit function;
 - provide the resigning staff member an opportunity to submit his reason of resignation;
 - review the adequacy of the competency of the internal audit function and to ensure co-ordination of external audit with internal audit;
 - review the internal audit program and to consider the results of the internal audit investigations and management's response to ensure that appropriate action are taken on the recommendations of the internal audit function;
- to carry out in-depth review of major findings on internal investigations by both internal and external auditors and ensure that management respond to recommended corrective measures;
- to consider compliance of statutory legislation or guidelines as imposed by the relevant authorities which will include but not limited to that imposed by the Securities Commission, Bursa and the Companies Commission of Malaysia;
- to review and report any related party transactions that may arise within the Company;



AUDIT COMMITTEE REPORT (Cont'd)

2. Terms of Reference of AC (cont'd)

2.3 Duties and Responsibilities (cont'd)

- to review all significant transactions whether they are in the normal course of business or otherwise;
- to consider and recommend external auditors' appointment, remuneration and any questions of resignation or dismissal of the external auditors;
- to review the adequacy of the competency of the external auditors;
- to ensure that the Company immediately notify Bursa the resignation or removal of external auditors and forward a copy of the written explanation of the resignation made by the external auditors to Bursa and Registrar of Companies;
- to review and report on areas of conflict of interest;
- to consider any other topics as may be defined by the Board and directed by the Board from time to time.

2.4 Authority

In conducting its duties and responsibilities, the AC shall be granted the authority to investigate any matters of the Company and/or its subsidiaries within its Terms of Reference. The AC shall have access to Chief Financial Officer and to any information pertaining to the Company for the purpose of discharging its functions and responsibilities.

The AC shall have direct communication channels with the external auditors and have direct authority over the internal audit function of which is independent from management and operation. The AC may obtain independent professional advice and to invite outsiders who having the relevant experience and expertise to attend the meetings, if necessary, and be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other Directors and employees of the Company.

2.5 Meetings

The AC is to meet not less than four (4) times a year and as many times as the AC deems necessary. The quorum for meetings shall be two (2) members who are Independent Non-Executive Directors. If the number of members present for the meeting is more than two, the majority of members present must be Independent Directors. The Secretary to the AC shall be the Company Secretary or her representative.

The Chief Financial Officer, Group Accountant and Head of Accounts Departments/Internal Audit, and representatives of the external auditors shall normally attend meetings. Other Board members may attend meetings upon invitation of the Committee. The presence of the external auditors will be by invitation as and when required.

Minutes of each meeting shall be kept by the Secretary as evidence that the AC has discharged its functions. The Chairman of the AC will report to the Board after each AC meeting. The AC minutes will be forwarded to Board members for information.



AUDIT COMMITTEE REPORT (Cont'd)

3. Summary of Activities during the Financial Year

During the financial year, all members of AC had attended all the meetings held on 29 January, 26 February, 25 April, 27 May, 16 August, 27 August, 26 September and 28 November. External auditors were invited and attended four (4) of the AC meetings without the presence of any management personnel. From the private discussion with them, AC gathered that management had given their full co-operation to the auditors and was satisfied that the auditors were able to carry out their duties with full cooperation from management as well as staff members.

In line with its Terms of Reference, AC carried out the following activities during the financial year ended 31 December 2013:-

- reviewed the unaudited quarterly financial results and report for Board's approval for public release;
- reviewed the unaudited financial statements for the financial year ended 31 December 2013 for Board's approval for public announcement;
- reviewed the Report on the AC and the Statement on Risk Management and Internal Control for Board's approval for inclusion in the Annual Report;
- 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;
- reviewed the internal audit plan and the internal audit reports;
- reviewed the external audit plan and the external auditors' reports;
- reviewed the external auditors' performance for recommendation for re-appointment;
- reviewed the related party transaction that arose within the Group;
- reviewed the reports on RRPT of a revenue and trading nature;
- reviewed the financial budgets;
- reviewed and assessed the due diligence reports on potential investments;
- reviewed the capital commitments, liquidity position, net current liabilities position, debt service cover ratio, contingent liabilities, bank financing facilities and material litigation of the Group; and
- discussed and reviewed any other matters that were raised during the meetings.

4. Internal Audit Functions and Activities

A summary of the internal audit functions and activities conducted during the financial year is set out under the Statement on Risk Management Internal Control on pages 39 and 40 of this Annual Report.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Harn Len Corporation Bhd is committed towards ensuring that a sound system of risk management and internal control exists in order to safeguard shareholders' investment and the Group's assets.

As a follow through from the previous year's report, the Board of Directors is pleased to present a status review of the Group's state of risk management and internal control framework for financial year ended 31 December 2013 and up to the date of signing of this statement. 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 & Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for maintaining 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 applicable 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 since 2007 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 also 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 respective Heads of Departments and Operational Units are responsible for managing risks related to their functions on a day-to-day basis. Management meetings are held to ensure that risks faced by the Group are discussed, monitored and appropriately addressed. The RMC has in its bi-annual meetings reviewed and identified the major risks of the Group.

The Board has in year 2013, via an external consultant, carry out an independent review and update of the Group risk management and internal control framework as well as an evaluation of the current state of the risk management and internal control system. Arising from the review, areas for improvement and recommended measures have been highlighted to the Audit Committee and Board of Directors for consideration and implementation.



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

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an external consultant who reports directly to the Audit Committee. During the financial year ended 31 December 2013 and up to the date of signing of this statement, there were three (3) meetings held.

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.

The areas to be audited by the Internal Auditors were determined based on the review of risk reports prepared by RMC as well as discussion with the management and members of the Audit Committee. The Audit Committee reviewed and approved the Internal Audit Plan 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 covering four (4) areas identified according to the approved risk-based internal audit plan. The results of the internal audit observations, recommendations, management comments and any necessary corrective action 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.

OTHER CONTROL PROCESSES

Apart from the risk management and internal audit, the Group has the following control processes in place:

- Monthly visits to key operating units by Board members and Senior Management whenever appropriate.
- Organisation structure with reporting line.
- Each operating entity submits a budget to Group management for consolidation and approved by the Board.
- Monthly Management Meeting to discuss on the Group's operational and management issues.
- Review and approval by the Board on all major decisions.
- Monthly submission of appropriate reports covering all divisions and departments within the Group for monitoring of actual performance.
- Communication of policies and procedures to all staff members via circulars and internal memorandums.
- Financial and operational information systems in place to capture and present timely and pertinent internal business information.
- Employees' competencies are enhanced through continuous training and education programmes.

BOARD ASSESSMENT

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 same assurance from the Executive Chairman 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 control.



ADDITIONAL COMPLIANCE INFORMATION

1. Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Company for the financial year ended 31 December, 2013 is RM10,000.00.

2. American Deposit Receipt (“ADR”) or Global Deposit Receipt (“GDR”) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

3. Material contracts

The following material contracts were entered into during the financial year ended 31 December, 2013 :

- i) A Sale and Purchase Agreement was entered into with Tan Sri Dato’ Low Nam Hui on 31 January 2013 to acquire the following seven (7) pieces of land all in the Mukim of Kulai, District of Kulaijaya, Johor Darul Takzim for a total cash consideration of RM10,680,000 free from all charges, liens and encumbrances.
 - (i) GM 64 Lot 2795 measuring approximately 2.0614 hectares,
 - (ii) GM 71 Lot 2803 measuring approximately 1.9905 hectares,
 - (iii) GM 72 Lot 2804 measuring approximately 1.9602 hectares,
 - (iv) GM 74 Lot 2806 measuring approximately 1.9855 hectares,
 - (v) GM 75 Lot 2807 measuring approximately 2.0917 hectares,
 - (vi) GM 76 Lot 2808 measuring approximately 2.026 hectares,
 - (vii) GM 77 Lot 2809 measuring approximately 2.0411 hectares,

The Sale and Purchase Agreement was completed on 4 March, 2013.

- ii) Uniglobal Sdn Bhd (USB), the wholly-owned subsidiary of Harn Len Corporation Bhd, entered into a conditional sale and purchase agreement with Boustead Rimba Nilai Sdn Bhd (BRNSB), a wholly-owned subsidiary of Boustead Plantation Berhad, which in turn is a wholly-owned subsidiary of Boustead Holding Berhad on 27 September 2013 for the proposed disposal of two parcels of contiguous plantation land, measuring in aggregate approximately 5,955.77 acres (or 2,409.80 hectares) held respectively under CL115345401 and CL115378115 in the District of Lahad Datu, Sabah for a total cash consideration of RM184,596,825.

The Sale and Purchase Agreement was completed on 31 December, 2013.

4. Contracts Relating To Loan

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

5. Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year.

6. Share Buy-Back

There were no share buy-back during the financial year.

7. Exercise of Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities being exercised during the financial year.

8. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies.



ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

9. Variation in results

There were no variances of more than 10% for the audited results of the Group from the unaudited results as announced on 27 February 2014.

10. Profit Guarantee

There were no profit guarantee given by the Company during the financial year under review.