激成(馬來西亞)有限公司

KECK SENG (MALAYSIA) BERHAD

196801000565 (8157-D)

ANNUAL REPORT

2019

CONTENTS

Notice of Annual General Meeting & Proxy Form will be issued once the date of the 50th Annual General Meeting of the Company is determined.

ABOUT KECK SENG MALAYSIA

Keck Seng (Malaysia) Berhad ("Keck Seng Malaysia") traces its history back to 1943 when Mr Ho Yeow Koon co-founded a small trading business in Singapore which he subsequently expanded to Malaysia. He bought land in Masai, Johor, and ventured into rubber planting in 1959, followed by oil palm cultivation in 1965.

The plantation was the beginning of Keck Seng Malaysia, which was publicly listed on 26 May 1977. Over the years, we have grown to a diversified group with business operations extending from plantations to hotels, golf resort, property development and investment.

Our Vision

- To build a diversified corporation
- To provide sustainable long term growth and value to shareholders

Our Values

We value our people as our strength, and will retain and develop our human capital through our core values of:

• integrity • commitment • diligence • cost efficiency • innovation

Our Community

We believe in contributing to and growing together with our communities, and will continue to engage in socially beneficial activities.

GROUP OVERVIEW

Keck Seng Malaysia has three core businesses:

Plantations and Manufacturing
We are an integrated player with oil palm plantations, mill, refinery and manufacturing operations based in Johor, Malaysia.

Property Development and Investment
We are a property developer focusing in Johor, Malaysia. Our projects include:

Projects	Location
Bandar Baru Kangkar Pulai	27 km Pontian Road immediately after Kangkar Pulai Village.
Tanjong Puteri Resort	35 km south-east of Johor Bahru. Adjacent to Pasir Gudang Industrial Estate.
Taman Daya	13 km north-east of Johor Bahru (near Kampong Baru, Kangkar Tebrau).

We are also involved in property investment. Our key investments include:

Buildings	Location	Description
Menara Keck Seng	203, Jalan Bukit Bintang, 55100 Kuala Lumpur.	Office
Regency Tower	8, Jalan Ceylon, 50200 Kuala Lumpur.	Condominium

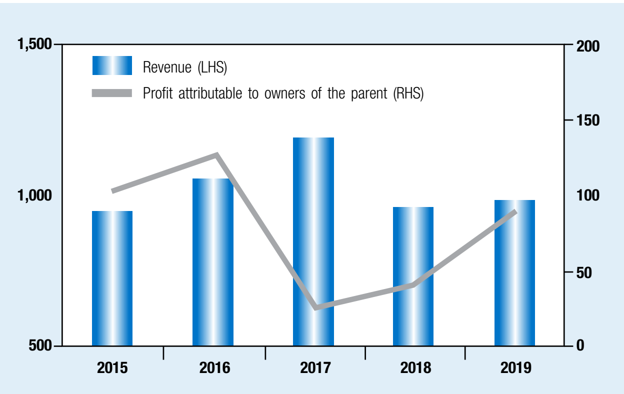
Hotels and Resort
We own hotels in North America and operate a golf resort in Malaysia.

Hotels/Resort	Location	Description
DoubleTree by Hilton Alana - Waikiki Beach	1956, Ala Moana, Boulevard, Honolulu, Hawaii, 96815, USA.	18 storey hotel with 317 rooms and an adjoining 7 storey office building
SpringHill Suites New York Midtown Manhattan	25, West 37th Street, New York, NY, 10018, USA.	19 storey hotel with 173 rooms
Delta Hotels by Marriott Toronto Airport and Conference Centre	655, Dixon Road, Toronto, Ontario Canada, M9W 113.	12 storey hotel with 433 rooms
Tanjong Puteri Golf Resort	35 km south-east of Johor Bahru. Adjacent to Pasir Gudang Industrial Estate.	54 holes golf course, clubs and other recreational facilities

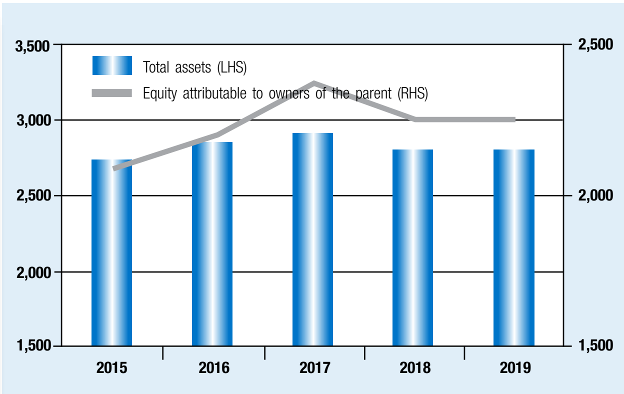
FINANCIAL HIGHLIGHTS

(RM'000)	2015 (Restated)	2016 (Restated)	2017 (Restated)	2018	**2019**
Revenue by business segments:					
Plantations and Manufacturing	604,866	687,862	831,579	590,854	**525,883**
Property Development and Investment	121,628	116,622	108,417	115,065	**184,184**
Hotels and Resort	223,976	237,219	239,708	250,152	**256,375**
Share Investment Holding	7,689	7,524	9,553	11,206	**12,164**
Total revenue	958,159	1,049,227	1,189,257	967,277	**978,606**
Profit before tax	113,632	154,955	31,008	69,521	**101,766**
Profit net of tax	104,341	128,101	23,042	39,169	**91,641**
Profit net of tax attributable to owners of the parent	101,978	124,291	22,876	36,472	**88,317**
Earnings per share (sen)	28	35	6	10	**25**
Dividends per share (sen)	10	10	10	10	**4**
Equity attributable to owners of the parent	2,106,787	2,213,702	2,380,960	2,244,108	**2,244,760**
Total assets	2,765,304	2,860,983	2,920,093	2,775,528	**2,795,928**
Loans and borrowings	300,685	293,031	250,992	232,090	**235,563**

Revenue and Profit (RM million)



Total Assets and Equity (RM million)



LHS: (Left Hand Side)
RHS: (Right Hand Side)

Share Price (RM)	2015	2016	2017	2018	**2019**
Highest daily close	5.94	5.67	5.18	4.92	**4.98**
Lowest daily close	4.42	4.69	4.55	3.92	**4.07**
Year-end closing	5.40	4.73	4.60	4.08	**4.70**

CHAIRMAN'S STATEMENT

Dear Shareholders,

2019 was an eventful year when the United States ("US") and China engaged in a trade war. The trade tensions caused companies to be hesitant to commit to long-term investments and even lead some firms to crimp investments. In response to the trade war, many also started the process of reconfiguring their supply chains.

The start of 2020 was met with news of a coronavirus ("COVID-19") outbreak. In March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic. As the virus spread to many countries, flights were cancelled and more people were working from home. Scenes of panic buying filled social media. An economic slowdown or a recession is highly possible this year.

Performance

The Group reported higher revenue and profit in 2019 with the Manufacturing and Property divisions contributing to better performance. Our past efforts have yielded results and net profit after tax increased to RM91.6 million. We will do our best to maintain our focus on improving processes and operations to bring about enhanced profitability for our shareholders.

Outlook and Strategy

In last year's report, I mentioned that the risk of a synchronised slowdown in global growth was looming. The COVID-19 pandemic could possibly tip the global slowdown into a recession in spite of governments providing aids to businesses and people and central banks cutting interest rates and injecting liquidity. It is not possible to foresee how negative future events will be or when the world will return to normalcy. Working with the uncertainties, we must employ both defensive and offensive strategies.

On the defensive front, the starting point is to control expenses and conserve cash, but we must also take care of our customers, employees and assets. We have to assure our customers that we will always be ready to serve them. Their safety is of the utmost priority. During downtime, we can send our employees for training and improve our properties and facilities. By investing in our customers, employees and assets, we will bounce back stronger when the pandemic is over.

While the uncertainties surrounding the COVID-19 pandemic can be challenging, we must also not forget to make an offensive move. Basing on the proverb, "Ten years of hard work to grind a sword", we've built a company with diversified cashflows and low gearing over the years. As a result, we can bide our time to identify, assess and seize good investment opportunities during such stressful times.

Dividends

An interim dividend of 4 sen was paid out on 14 November 2019, but with the present economic uncertainties, the Board is taking a conservative stance and thus, no final dividend will be recommended for the financial year 2019.

Acknowledgement

I wish to thank our employees and fellow directors for their tireless efforts and commitment in this challenging environment. I would also like to express my sincere appreciation to all our shareholders, business partners and stakeholders for their support.

Ho Kim Swee @ Ho Kian Guan
Chairman
22 May 2020

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue in 2019 marginally increased by 1% to RM978.6 million as compared with 2018 as increased sales booked in the Property division offset the lower sales in the Manufacturing division. Profit before tax increased to RM101.8 million as profitability improved in both Property and Manufacturing divisions. Due to the absence of a one-off tax expense in relations to a change of land use in 2018, profit attributable to shareholders increased to RM88.3 million.

We maintained a prudent balance sheet with loans and borrowings experiencing a small 1% increase to RM235.6 million. We believed our low amount of borrowings should enable Keck Seng to ride out the economic uncertainties due to COVID-19 pandemic.

OPERATIONS REVIEW

Plantations and Manufacturing

The Plantations division saw a decrease in crop production due to dry spells in 2019 and revenue was further hurt by low prices. The Manufacturing division however achieved a positive refining margin and recorded a good profit.

As a result of the dry weather, this year's production from our plantations is expected to be as low as 2019. Demand for refined palm oil meanwhile faces uncertainties from several fronts. India placed refined palm oil imports under its "restricted" list of goods since early January 2020. The European Parliament has agreed to phase out the use of palm oil in transport fuels with effect from 2024 due to environmental concerns.

	2015	2016	2017	2018	**2019**
PRODUCTION (mt)					
Fresh fruit bunches (own estates)	71,170	58,685	50,586	51,940	**45,027**
Refined palm products	374,773	364,401	395,910	342,262	**334,446**
Crude palm oil	52,281	39,576	44,497	49,217	**44,243**
Palm kernel	15,986	12,164	14,340	15,790	**13,723**
GROSS SELLING PRICE (RM/mt)					
Refined palm products	2,771	3,285	3,604	2,845	**2,426**
Palm kernels (ex mill)	1,591	2,610	2,527	1,769	**1,234**
AREA PLANTED (hectare)	3,613	3,534	3,396	3,173	**3,183**
Immature hectareage (< 3 years)	395	322	404	780	**1,063**
Matured hectareage	3,218	3,212	2,992	2,393	**2,120**
Average yield per matured hectareage (mt)	22.1	18.3	16.9	19.3	**20.0**

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW (cont'd)

Property

The property market remained challenging in 2019 with statistics showing a high number of unsold completed properties in the State of Johor hurting buyers' sentiments. However the government had introduced a Home Ownership Campaign to help first-time homebuyers. About one-fifth of our buyers were eligible under the Campaign to enjoy stamp duty waiver.

In Taman Daya, our open-concept retail outlet called TD Point had achieved almost full occupancy at year end after opening in January 2019. TD Point comprises a trendy tenant mix of chic cafes, sports and games center, gift and boutique outlets, seafood mart and other shops catering to the daily needs of nearby residents. As most, if not all of our tenants' business are affected by the Movement Control Order ("MCO"), we have granted rental rebates to provide relief to tenants' cashflow to sustain and retain their continued tenancy with us.

Sales performance at Bandar Baru Kangkar Pulai, a mixed township development, had been encouraging amidst the soft property market. We also saw improvement at Tanjong Puteri Resort with good response to the launch of single-storey and double-storey terrace houses.

The outbreak of the COVID-19 pandemic is already affecting and disrupting many aspects of the property industry. Our construction activities had to stop completely during the MCO period. As a result, we expect revenue to be affected in tandem. Purchase sentiments and sales post MCO is also expected to be poor. Nevertheless, we will continue to focus on our strength in developing landed affordable properties at Bandar Baru Kangkar Pulai and Tanjong Puteri Resort. We are hopeful that the lower mortgage rates would help purchase sentiments.

The two investment properties in Kuala Lumpur performed better in 2019. However, the businesses of our tenants at Menara Keck Seng, our office building have been adversely affected by the COVID-19 pandemic and the MCO. To assist them through this difficult period, some rental rebates have been provided to our Small Medium Enterprise ("SME") tenants. We expect our 2020 occupancy rates to trend lower. The oversupply of residential apartments in the City Centre, coupled with the economic slowdown caused by the COVID-19 pandemic will also see income trending down over the next few months at Regency Tower, our residential building.

Hotels and Resort

Taken as a whole, performance of our three hotels in North America performed satisfactorily in 2019. However, with the outbreak of COVID-19, the hospitality industry grinded to a halt in March 2020. The cities which we operate had implemented travel restrictions, and stay-at-home orders. To contain costs, we closed our three hotels in April 2020. As of this writing, the lock downs in these ciites are easing. We will monitor the volume of future bookings and will gradually but safely reopen the hotels in stages in the coming months.

The COVID-19 pandemic has also negatively impacted Malaysia's tourism sector. During this pandemic, we have formulated plans to ensure the safety of our guests and taken the opportunity to introduce training programs for staff. When the pandemic is over, our efforts will yield positive long term results for the business.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ho Kim Swee @ Ho Kian Guan	*Executive Chairman*
Dato' Ho Cheng Chong @ Ho Kian Hock	*Managing Director*
Ho Eng Chong @ Ho Kian Cheong	*Non-Independent Non-Executive Director*
Chan Lui Ming Ivan	*Executive Director*
Lee Huee Nan @ Lee Hwee Leng (f)	*Executive Director*
Too Hing Yeap @ Too Heng Yip	*Senior Independent Non-Executive Director*
YM Tengku Yunus Kamaruddin	*Independent Non-Executive Director (resigned on 31 August 2019)*
Maj-Gen (R) Dato' Muhammad Bin Yunus	*Independent Non-Executive Director*
Tai Lam Shin	*Independent Non-Executive Director*
Mahathir Bin Mohamed Ismail	*Independent Non-Executive Director*
Liew Foong Yuen	*Independent Non-Executive Director (appointed on 29 November 2019)*
Ho Chung Kain (He ChongJing)	*Alternate to Dato' Ho Cheng Chong @ Ho Kian Hock*
Ho Chung Hui	*Alternate to Lee Huee Nan @ Lee Hwee Leng (f)*
Ho Chung Tao	*Alternate to Chan Lui Ming Ivan*
Ho Chung Kiat, Sydney (He ChongJie, Sydney)	*Alternate to Ho Eng Chong @ Ho Kian Cheong*

COMPANY SECRETARIES
Lim Hooi Mooi
(SSM PC No. 201908000134)
(MAICSA 0799764)
Te Hock Wee
(SSM PC No. 202008002124)
(MAICSA 7054787)
Fong Sok Yee
(SSM PC No. 202008001180)
(MAICSA 7066501)

REGISTERED OFFICE
Suite 1301, 13th Floor, City Plaza,
Jalan Tebrau,
80300 Johor Bahru, Johor.
Tel: 607-332 2088 Fax: 607-332 8096

SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : 603 -2783 9299 Fax : 603 -2783 9222

AUDITORS
Ernst & Young PLT
Registration No. 202006000003 (LLP0022760-LCA & AF 0039)
Chartered Accountants
B-15, Medini 9, Persiaran Medini Sentral 1,
Bandar Medini Iskandar,
79250 Iskandar Puteri, Johor, Malaysia.
Office: 607-288 3111 I Fax: 607-288 3112

PRINCIPAL BANKERS
Malayan Banking Berhad
Registration No. 196001000142 (3813-K)
OCBC Bank (Malaysia) Berhad
Registration No. 199401009721 (295400-W)

LISTING
Main Market of Bursa Malaysia Securities Berhad
Registration No. 200301033577 (635998-W)

WEBSITE
http://my.keckseng.com

DIRECTORS' PROFILE

HO KIM SWEE @ HO KIAN GUAN

Executive Chairman

AGE/GENDER	**NATIONALITY**
Age 74/Male	Singaporean

ACADEMIC/PROFESSIONAL QUALIFICATION
Business Administration and Commerce.

DATE APPOINTED/WORK EXPERIENCE
Mr. Ho was appointed to the Board on 15 September 1970. He has spent 49 years successfully steering the Group.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Tanjong Puteri Golf Resort Berhad and Lim & Lim Plantations Berhad.
[Both companies are subsidiaries of the Company]

FAMILY RELATIONSHIP
Mr. Ho is the brother of Dato' Ho Cheng Chong @ Ho Kian Hock (Managing Director) and Mr. Ho Eng Chong @ Ho Kian Cheong (Non-Independent Non-Executive Director).
[Both of them are substantial shareholders of the Company]

Mr. Ho is the father of Mr. Ho Chung Tao.

Mr. Ho is the uncle of Mr. Chan Lui Ming Ivan, Mr. Ho Chung Kain (He ChongJing), Mr. Ho Chung Hui and Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney).

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Ho has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

OTHER INFORMATION
Mr. Ho is deemed interested in the Recurrent Related Party Transactions of which a Shareholders' Mandate has been obtained in the Annual General Meeting ("AGM") held on 30 May 2019. Details pertaining to these transactions are disclosed under Note 39 to the Financial Statements.

BOARD MEETINGS ATTENDED
4 out of 5.

DATO' HO CHENG CHONG @ HO KIAN HOCK

Managing Director

AGE/GENDER	**NATIONALITY**
Age 72/Male	Singaporean

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Science and Engineering (1st Class Honours), University of New South Wales, Australia.

DATE APPOINTED/WORK EXPERIENCE
Dato' Ho was appointed to the Board on 8 June 1971 and has been the Managing Director since 11 June 1975. He has over 40 years of working experience in Corporate Planning and Management.

DIRECTORS' PROFILE (cont'd)

DATO' HO CHENG CHONG @ HO KIAN HOCK (cont'd)

Managing Director

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Tanjong Puteri Golf Resort Berhad and Lim & Lim Plantations Berhad.
[Both companies are subsidiaries of the Company]

FAMILY RELATIONSHIP
Dato' Ho is the brother of Mr. Ho Kim Swee @ Ho Kian Guan (Executive Chairman) and Mr. Ho Eng Chong @ Ho Kian Cheong (Non-Independent Non-Executive Director).
[Both of them are substantial shareholders of the Company]

Dato' Ho is the father of Mr. Ho Chung Kain (He ChongJing) and Mr. Ho Chung Hui.

Dato' Ho is the uncle of Mr. Chan Lui Ming Ivan, Mr. Ho Chung Tao and Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney).

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Dato' Ho has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

OTHER INFORMATION
Dato' Ho is deemed interested in the Recurrent Related Party Transactions of which a Shareholders' Mandate has been obtained in the AGM held on 30 May 2019. Details pertaining to these transactions are disclosed under Note 39 to the Financial Statements.

BOARD MEETINGS ATTENDED
5 out of 5.

HO ENG CHONG @ HO KIAN CHEONG

Non-Independent Non-Executive Director

AGE/GENDER	NATIONALITY
Age 70/Male	Singaporean

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Science Degree, University of Singapore.

DATE APPOINTED/WORK EXPERIENCE
Mr. Ho was appointed to the Board on 21 September 1987. He has more than 30 years of working experience in the management of private and public companies.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

FAMILY RELATIONSHIP
Mr. Ho is the brother of Mr. Ho Kim Swee @ Ho Kian Guan (Executive Chairman) and Dato' Ho Cheng Chong @ Ho Kian Hock (Managing Director).
[Both of them are substantial shareholders of the Company]

Mr. Ho is the father of Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney).

Mr. Ho is the uncle of Mr. Chan Lui Ming Ivan, Mr. Ho Chung Kain (He ChongJing), Mr. Ho Chung Hui and Mr. Ho Chung Tao.

DIRECTORS' PROFILE (cont'd)

HO ENG CHONG @ HO KIAN CHEONG (cont'd)

Non-Independent Non-Executive Director

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Ho has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

OTHER INFORMATION
Mr. Ho is deemed interested in the Recurrent Related Party Transactions of which a Shareholders' Mandate has been obtained in the AGM held on 30 May 2019. Details pertaining to these transactions are disclosed under Note 39 to the Financial Statements.

BOARD MEETINGS ATTENDED
4 out of 5.

CHAN LUI MING IVAN

Executive Director

AGE/GENDER	NATIONALITY
Age 50/Male	Singaporean

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Business Administration (Honours), National University of Singapore; and
Master of Science (Real Estate), National University of Singapore.

DATE APPOINTED/WORK EXPERIENCE
Mr. Chan was appointed to the Board on 28 April 2009. He has over 20 years of working experience in managing the Company's various projects.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

FAMILY RELATIONSHIP
Mr. Chan is the nephew of Mr. Ho Kim Swee @ Ho Kian Guan (Executive Chairman), Dato' Ho Cheng Chong @ Ho Kian Hock (Managing Director) and Mr. Ho Eng Chong @ Ho Kian Cheong (Non-Independent Non-Executive Director).
[All of them are substantial shareholders of the Company]

Mr. Chan is the cousin of Mr. Ho Chung Kain (He ChongJing), Mr. Ho Chung Hui, Mr. Ho Chung Tao and Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney).

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Chan has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

OTHER INFORMATION
Mr. Chan is deemed interested in the Recurrent Related Party Transactions of which a Shareholders' Mandate has been obtained in the AGM held on 30 May 2019. Details pertaining to these transactions are disclosed under Note 39 to the Financial Statements.

BOARD MEETINGS ATTENDED
5 out of 5.

DIRECTORS' PROFILE (cont'd)

LEE HUEE NAN @ LEE HWEE LENG

Executive Director

AGE/GENDER
Age 68/Female

NATIONALITY
Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Diploma in Business Studies, Ngee Ann College, Singapore.

DATE APPOINTED/WORK EXPERIENCE
Ms. Lee was appointed to the Board on 29 April 1980. She has more than 30 years of working experience in corporate administration and financial management.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Tanjong Puteri Golf Resort Berhad and Lim & Lim Plantations Berhad.
[Both companies are subsidiaries of the Company]

FAMILY RELATIONSHIP
None.

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Ms. Lee has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
5 out of 5.

TOO HING YEAP @ TOO HENG YIP

Senior Independent Non-Executive Director
Chairman of the Audit Committee
Chairman of the Nominating Committee
Member of the Remuneration Committee

AGE/GENDER
Age 72/Male

NATIONALITY
Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Laws, 2nd Class Honours (Upper Division), University of Singapore.

DATE APPOINTED/WORK EXPERIENCE
Mr. Too was appointed to the Board on 27 April 2010. After graduating from the University of Singapore in 1971, Mr. Too joined Shook Lin & Bok ("SLB") in 1972 as a legal assistant. He taught briefly at the University of Malaya in the 1970's. He was emplaced as a Limited Partner of SLB in 1975, thereafter as a General Partner in 1980 and then as Deputy Managing Partner in 1992. He was SLB's Executive Partner since 1998 and was also the Head of the Banking and Finance Litigation Department until his retirement in December 2012.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

FAMILY RELATIONSHIP
None.

DIRECTORS' PROFILE (cont'd)

TOO HING YEAP @ TOO HENG YIP (cont'd)

Senior Independent Non-Executive Director
Chairman of the Audit Committee
Chairman of the Nominating Committee
Member of the Remuneration Committee

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Too has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
5 out of 5.

MAJ-GEN (R) DATO' MUHAMMAD BIN YUNUS

Independent Non-Executive Director
Member of the Audit Committee
Member of the Nominating Committee
Chairman of the Remuneration Committee

AGE/GENDER	**NATIONALITY**
Age 74/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
MA (International Relations], University of Kent at Canterbury, United Kingdom.

DATE APPOINTED/WORK EXPERIENCE
Maj-Gen (R) Dato' Muhammad was appointed to the Board on 8 September 2000. He was an Officer in the Army for 37 years.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

FAMILY RELATIONSHIP
None.

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Maj-Gen (R) Dato' Muhammad has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
5 out of 5.

DIRECTORS' PROFILE (cont'd)

TAI LAM SHIN

Independent Non-Executive Director
Member of the Audit Committee
Member of the Nominating Committee
Member of the Remuneration Committee

AGE/GENDER	**NATIONALITY**
Age 62/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Chartered Accountant, Malaysian Institute of Accountants (MIA); and
Fellow of Chartered Association of Certified Accountants (FCCA, United Kingdom).

DATE APPOINTED/WORK EXPERIENCE
Mr. Tai was appointed to the Board on 26 June 2014. During his career, he was involved mainly in the provision of audit and advisory services to clients which include financial and corporate advisory, due diligence review, reporting accountants to public listed companies, multi nationals and private companies.

OTHER DIRECTORSHIP
Listed Companies : MCE Holdings Berhad and White Horse Berhad.
Other Public Companies : Nil.

FAMILY RELATIONSHIP
None.

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Tai has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
5 out of 5.

MAHATHIR BIN MOHAMED ISMAIL

Independent Non-Executive Director
Member of the Audit Committee
Member of the Nominating Committee
Member of the the Remuneration Committee

AGE/GENDER	**NATIONALITY**
Age 70/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Commerce & Accounting, University of Western Australia;
Fellow, CPA Australia; and
Chartered Accountant, Malaysian Institute of Accountants (MIA).

DATE APPOINTED/WORK EXPERIENCE
Mr. Mahathir was appointed to the Board on 23 June 2015. He has considerable experience in the banking and finance field with his tenure at 3 Malaysian financial institutions, listed companies and private companies from January 1976 to March 2005. Thereafter from June 2005 to 31 December 2018, he was a Lecturer in Audit & Corporate Governance, Audit & Assurance, Accounting and Business Ethics in Taylor's University.

DIRECTORS' PROFILE (cont'd)

MAHATHIR BIN MOHAMED ISMAIL (cont'd)

Independent Non-Executive Director
Member of the Audit Committee
Member of the Nominating Committee
Member of the the Remuneration Committee

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

FAMILY RELATIONSHIP
None.

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Mahathir has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
5 out of 5.

LIEW FOONG YUEN

Independent Non-Executive Director
Member of the Audit Committee
Member of the Nominating Committee
Member of the Remuneration Committee

AGE/GENDER	**NATIONALITY**
Age 50/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Laws (Honours), University of Warwick, United Kingdom; and
Masters of Business Administration (Finance), City University, London, United Kingdom.

DATE APPOINTED/WORK EXPERIENCE
Mr. Liew was appointed to the Board on 29 November 2019. He is a lawyer by training, having qualified to practice in England and Wales and in Malaysia. He began his career in London before joining Zaid Ibrahim & Co. in Kuala Lumpur and in Singapore and was in practice for 19 years before taking on the management role in ZICO Holdings Inc. He is currently an Executive Director of ZICO Holdings Inc., a professional services company.

OTHER DIRECTORSHIP
Listed Companies : Nil
Other Public Companies : Nil

FAMILY RELATIONSHIP
None.

CONFLICT OF INTERESTS
None.

LIEW FOONG YUEN (cont'd)

Independent Non-Executive Director
Member of the Audit Committee
Member of the Nominating Committee
Member of the Remuneration Committee

CONVICTIONS FOR OFFENCES
Mr. Liew has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
Not applicable. There were no Board meetings held since his appointment to the Board in November 2019.

HO CHUNG KAIN (HE CHONGJING)

Alternate to Dato' Ho Cheng Chong @ Ho Kian Hock

AGE/GENDER	NATIONALITY
Age 45/Male	Singaporean

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Business Administration, Murdoch University, Perth, Australia.

DATE APPOINTED/WORK EXPERIENCE
Mr. Ho was appointed as Alternate Director on 24 February 2011. He is presently the General Manager of Keck Seng (Malaysia) Berhad. He has 21 years of working experience in property marketing and development.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Tanjong Puteri Golf Resort Berhad and Lim & Lim Plantations Berhad.
[Both companies are subsidiaries of the Company]

FAMILY RELATIONSHIP
Mr. Ho is the son of Dato' Ho Cheng Chong @ Ho Kian Hock.
[Managing Director and substantial shareholder of the Company]

Mr. Ho is the nephew of Mr. Ho Kim Swee @ Ho Kian Guan (Executive Chairman) and Mr. Ho Eng Chong @ Ho Kian Cheong (Non-Independent Non-Executive Director).
[Both of them are substantial shareholders of the Company]

Mr. Ho is the brother of Mr. Ho Chung Hui.

Mr. Ho is the cousin of Mr. Chan Lui Ming Ivan, Mr. Ho Chung Tao and Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney).

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Ho has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DIRECTORS' PROFILE (cont'd)

HO CHUNG HUI

Alternate to Ms. Lee Huee Nan @ Lee Hwee Leng

AGE/GENDER	NATIONALITY
Age 44/Male	Singaporean

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Science in Economics, The London School of Economics, United Kingdom.

DATE APPOINTED/WORK EXPERIENCE
Mr. Ho was appointed as Alternate Director on 26 June 2014. He is presently the Commercial/Corporate Director of Keck Seng (Malaysia) Berhad. He had previously worked for a major US consultancy firm on various practices of strategy, finance and business process re-engineering and human capital in Singapore.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Tanjong Puteri Golf Resort Berhad and Lim & Lim Plantations Berhad.
[Both companies are subsidiaries of the Company]

FAMILY RELATIONSHIP
Mr. Ho is the son of Dato' Ho Cheng Chong @ Ho Kian Hock.
[Managing Director and substantial shareholder of the Company]

Mr. Ho is the nephew of Mr. Ho Kim Swee @ Ho Kian Guan (Executive Chairman) and Mr. Ho Eng Chong @ Ho Kian Cheong (Non-Independent Non-Executive Director).
[Both of them are substantial shareholders of the Company]

Mr. Ho is the brother of Mr. Ho Chung Kain (He ChongJing).

Mr. Ho is the cousin of Mr. Chan Lui Ming Ivan, Mr. Ho Chung Tao and Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney).

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Ho has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

HO CHUNG TAO

Alternate to Mr. Chan Lui Ming Ivan

AGE/GENDER	NATIONALITY
Age 45/Male	Singaporean

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Science in Hotel Administration, Cornell University, USA.

DATE APPOINTED/WORK EXPERIENCE
Mr. Ho was appointed as Alternate Director on 26 June 2014. He is presently the Executive Director of Keck Seng Investments (Hong Kong) Limited. He had previously worked for a major US investment bank based in Japan where he focused on real estate acquisitions. He also has experience in working for a venture capital company in Japan and a securities firm in Singapore.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

HO CHUNG TAO (cont'd)

Alternate to Mr. Chan Lui Ming Ivan

FAMILY RELATIONSHIP
Mr. Ho is the son of Mr. Ho Kim Swee @ Ho Kian Guan.
[Executive Chairman and substantial shareholder of the Company]

Mr. Ho is the nephew of Dato' Ho Cheng Chong @ Ho Kian Hock (Managing Director) and Mr. Ho Eng Chong @ Ho Kian Cheong (Non-Independent Non-Executive Director).
[Both of them are substantial shareholders of the Company]

Mr. Ho is the cousin of Mr. Chan Lui Ming Ivan, Mr. Ho Chung Kain (He ChongJing), Mr. Ho Chung Hui and Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney).

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Ho has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

HO CHUNG KIAT, SYDNEY (HE CHONGJIE, SYDNEY)

Alternate to Mr. Ho Eng Chong @ Ho Kian Cheong

AGE/GENDER	NATIONALITY
Age 36/Male	Singaporean

ACADEMIC/PROFESSIONAL QUALIFICATION
Master of Engineering in Electrical and Electronic Engineering (First Class Honours), Imperial College of Science, Technology and Medicine, United Kingdom.

DATE APPOINTED/WORK EXPERIENCE
Mr. Ho was appointed as Alternate Director on 15 October 2018. He is presently the Executive Director of Hub Synergy (S) Pte. Ltd., Leefon Corporation Pte. Ltd. and i.Contemporary Living Pte. Ltd. He is responsible for the marketing and operations of a commercial building, supervising the redevelopment of a 26 storey commercial building and for the day-to-day operations, marketing and leasing of warehouse lots in an industrial building. Previously, he was also involved in the development of a 49 unit, 30 storey residential project.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

FAMILY RELATIONSHIP
Mr. Ho is the son of Mr. Ho Eng Chong @ Ho Kian Cheong.
[Non-Independent Non-Executive Director and substantial shareholder of the Company]

Mr. Ho is the nephew of Mr. Ho Kim Swee @ Ho Kian Guan (Executive Chairman) and Dato' Ho Cheng Chong @ Ho Kian Hock (Managing Director).
[Both of them are substantial shareholders of the Company]

Mr. Ho is the cousin of Mr. Chan Lui Ming Ivan, Mr. Ho Chung Kain (He ChongJing), Mr. Ho Chung Hui and Mr. Ho Chung Tao.

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Ho has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT'S PROFILE

PLANTATIONS

HEE VUI YONG @ VINCENT
General Manager
Johor, Malaysia

AGE/GENDER	**NATIONALITY**
Age 57/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Master of Science (Plantation Management), University Putra Malaysia;
Associate Diploma (***AISP***) awarded by Incorporated of Planters; and
Licentiate Diploma (***LISP***) awarded by Incorporated of Planters.

DATE APPOINTED/WORK EXPERIENCE
Mr. Hee started his planting career in 1982 based in Sabah and had been working in Indonesia since 2003. He had served in various key positions throughout his career in the Indonesia planting industry as a Visiting Agent with Asian Agri Group Sumatera before being seconded as Head of Business Unit for Agrindo Group (under Falcon Capital affiliated subsidiary of Royal Golden Eagle Group – KALIMANTAN & PAPUA) and his last position was as Plantation Advisor for TSH Resources Berhad covering all plantations in Indonesia under TSH Resources Berhad. He was appointed as the General Manager of Keck Seng (Malaysia) Berhad - Plantation Division as of 4 December 2017.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

MANUFACTURING

CHUA TECK NGIN
General Manager
Johor, Malaysia

AGE/GENDER	**NATIONALITY**
Age 67/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Chemical Engineering, University Malaya; and
P. Eng (Malaysia).

DATE APPOINTED/WORK EXPERIENCE
Mr. Chua has been with Keck Seng (Malaysia) Berhad since 1 August 1984 and was promoted to General Manager on 1 July 2007.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Lim & Lim Plantations Berhad.
[A subsidiary of the Company]

KEY SENIOR MANAGEMENT'S PROFILE (cont'd)

PROPERTY DEVELOPMENT

CHONG KIN MENG, VINCENT
General Manager
Johor, Malaysia

AGE/GENDER	**NATIONALITY**
Age 60/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Applied Science (Civil Engineering), University of Windsor, Ontario, Canada; and
P. Eng (Malaysia).

DATE APPOINTED/WORK EXPERIENCE
Vincent has over 36 years of working experience in civil and structural engineering design, planning and mixed property development. He has been with Keck Seng (Malaysia) Berhad – Property Division since 15 March 1990 and was promoted to his current position on 1 June 2003.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

PROPERTY INVESTMENT

PAULINE TAN
General Manager
Kuala Lumpur, Malaysia

AGE/GENDER	**NATIONALITY**
Age 63/Female	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Diploma in Business Administration.

DATE APPOINTED/WORK EXPERIENCE
Pauline has been with Lusaka Holdings Sdn. Bhd. since 1 September 1989. She has over 30 years of experience in administration, leasing and building management. She was appointed to her current position on 28 February 2009.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

KEY SENIOR MANAGEMENT'S PROFILE (cont'd)

PROPERTY INVESTMENT (cont'd)

SIM YOKE KENG
General Manager
Kuala Lumpur, Malaysia

AGE/GENDER	NATIONALITY
Age 43/Female	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Diploma in Programming, Informatics College; and
Postgraduate Diploma in Marketing, The Chartered Institute of Marketing.

DATE APPOINTED/WORK EXPERIENCE
Ms. Sim joined HKH Holdings Sdn. Bhd. on 11 July 2006 and was promoted to her current position on 1 April 2017.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

RESORT

DATO' DR. ABDUL RAHIM BIN RAMLI
Senior Advisor to Keck Seng (Malaysia) Berhad
Johor, Malaysia

AGE/GENDER	NATIONALITY
Age 78/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Arts (Honors) Economics, University Malaya.

DATE APPOINTED/WORK EXPERIENCE
Dato' has been the Chief Executive Officer of Tanjong Puteri Golf Resort Berhad since January 1997 and presently Senior Advisor to Keck Seng (Malaysia) Berhad effective from 12 September 2018.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Tanjong Puteri Golf Resort Berhad.
[A subsidiary of the Company]

KEY SENIOR MANAGEMENT'S PROFILE (cont'd)

RESORT (cont'd)

WOLFGANG BOETTCHER
Director of Hotel Operations Asia Pacific
Singapore and Johor, Malaysia

AGE/GENDER	**NATIONALITY**
Age 51/Male	German

ACADEMIC/PROFESSIONAL QUALIFICATION
Certifications in Meat Science Berufschule Friedrichshafen; and
Certification as Instructor for Culinary Education.

DATE APPOINTED/WORK EXPERIENCE
Mr. Boettcher was appointed as Director of Hotel Operations Asia Pacific in March 2018.
He was with Starwood Hotels & Resorts and Marriott International for the past 27 years.
His past experience included appointments as an Area Vice President, Area Managing Director and other various General Manager roles in Southeast Asia and Greater China.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

HOTEL

PETER WONG
President – North America
San Francisco, USA

AGE/GENDER	**NATIONALITY**
Age 68/Male	American

ACADEMIC/PROFESSIONAL QUALIFICATION
MBA, California Coast University;
Diploma in Management Studies, Hong Kong Polytechnic; and
Advance Hotel Investments Course, Cornell University.

DATE APPOINTED/WORK EXPERIENCE
Peter has been the President of Keck Seng Group's North America Properties since 1998. His past work experiences include appointment as Director of Sales & Marketing, Regional Director of Sales & Marketing, Project Manager / Acting General Manager, Owner's Representative/ Director of Development & Corporate Affairs and also as Vice President in other major international hotels.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

KEY SENIOR MANAGEMENT'S PROFILE (cont'd)

HOTEL (cont'd)

ROBERT ROY
Regional Vice President (VP) of Operations
New York, USA

AGE/GENDER	NATIONALITY
Age 56/Male	Canadian

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Commerce Honors, University of Ottawa; and
Baccalaureate in Administration.

DATE APPOINTED/WORK EXPERIENCE
Robert was appointed as Regional VP of Operations effective from 1 April 2015. He was previously the General Manager at Sheraton Ottawa Hotel, Canada.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

DEREK SASANO
Vice President (VP), Finance & Administration
San Francisco, USA

AGE/GENDER	NATIONALITY
Age 64/Male	American

ACADEMIC/PROFESSIONAL QUALIFICATION
A.S. Degree in Accounting; and
Certificate in Hospitality Financial Management.

DATE APPOINTED/WORK EXPERIENCE
Derek was appointed as the Owners' Controller in December 2000 and in December 2009, he was promoted to Corporate Controller, subsequently in April 2015 he was promoted to his current role as VP, Finance & Administration.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

KEY SENIOR MANAGEMENT'S PROFILE (cont'd)

HOTEL (cont'd)

DAVID KAM

Corporate Controller and Internal Auditor, Keck Seng Group – North America
San Francisco, USA

AGE/GENDER	NATIONALITY
Age 59/Male	American

ACADEMIC/PROFESSIONAL QUALIFICATION
AAS Accounting, University of Hawaii.

DATE APPOINTED/WORK EXPERIENCE
David was promoted to his current position as of 1 January 2019 and is responsible for the financial reporting of Keck Seng (Malaysia) Berhad's North American hotels. His previous work experiences include working for Interstate Hotels and Resorts as Assistant Director of Finance from year 2000 to 2006 and for Hilton Hotels Worldwide as its Director of Finance from year 2006 to 2009.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

DAVE WILLIAMS

Asset Manager
Honolulu, USA

AGE/GENDER	NATIONALITY
Age 44/Male	American

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Science, Washington State University

DATE APPOINTED/WORK EXPERIENCE
Dave was hired as Asset Manager for the Double Tree Alana Waikiki and Alana Waikiki Business Center in December 2018. Prior to that Dave worked in various operational roles with Starwood/Marriott since the late 1990s.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

KEY SENIOR MANAGEMENT'S PROFILE (cont'd)

INVESTMENT HOLDING

PAUL TSE SEE FAN
Director
Hong Kong

AGE/GENDER	NATIONALITY
Age 65/Male	Hong Kong, China

ACADEMIC/PROFESSIONAL QUALIFICATION
Master of Business Administration.

DATE APPOINTED/WORK EXPERIENCE
Paul Tse has been an Executive Director of Keck Seng Investments (Hong Kong) Limited, an affiliate of the Company, since 1979. He also holds directorships in numerous companies within the affiliated Group and is also a Non-Executive Director of Banco Nacional Ultramarino, a note-issuing bank in the Macau Special Administrative Region. Paul Tse was appointed as Director in two (2) of Keck Seng (Malaysia) Berhad's investment holding subsidiaries on 30 January 1981 and 27 December 1984 respectively.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

GROUP FINANCE

REUSON SEET
Group Accountant
Johor, Malaysia

AGE/GENDER	NATIONALITY
Age 47/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Commerce (majoring in Accounting), Curtin University of Technology, Australia;
Chartered Accountant of the Malaysian Institute of Accountants;
Fellow of CPA Australia; and
Associate of the Chartered Tax Institute of Malaysia.

DATE APPOINTED/WORK EXPERIENCE
Reuson started his career as an auditor with Arthur Andersen, where he gained valuable experience in audit, accounting and taxation. In 2000, he joined Keck Seng (Malaysia) Berhad as an Accountant and was subsequently promoted as Group Accountant in 2014. He has more than 18 years of experience in IFRS financial accounting and reporting, group consolidation, tax compliance and planning, risk management and internal controls.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

KEY SENIOR MANAGEMENT'S PROFILE (cont'd)

GROUP FINANCE (cont'd)

GAN KIM BUAN
Financial Consultant
Johor, Malaysia

AGE/GENDER	NATIONALITY
Age 71/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Accountancy, National University of Singapore.

DATE APPOINTED/WORK EXPERIENCE
Mr. Gan was appointed as Keck Seng (Malaysia) Berhad's Accountant in July 1975. He is in his current position since 2014.

OTHER DIRECTORSHIP
Listed Companies : Nil.
Other Public Companies : Nil.

Save as disclosed above, none of the key senior management team have:
1) *any family relationship with any director and/or major shareholder of the listed issuer;*
2) *any conflict of interests that the person has with the listed issuer; and*
3) *any conviction for offences (other than traffic offences, if any) within the past 5 years or any sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

This Statement provides an insight of the Board of Directors' ("the Board") view of Keck Seng (Malaysia) Berhad's Group ("the Group") corporate governance ("CG") practices and is to be read along with the Corporate Governance Report which is announced to the website of Bursa Malaysia Securities Berhad ("Bursa Securities") and published on the Company's website at http://my.keckseng.com. Governance is not only a matter for the Board but also the responsibility of Senior Management. The Board recognises the importance of good corporate governance in enhancing shareholders' value and for long-term sustainability and growth.

This Statement has been drawn up in accordance with paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Securities, Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd Edition).

In preparing this Statement, the Board has considered the manner in which it has applied the Principles and Practices of the Malaysian Code on Corporate Governance ("CG Code"). Evaluations are continuously carried out to bring in line the Group's CG practices with the Practices under the CG Code.

The Board considers that the Company has applied the Practices set out in the CG Code for the whole of the financial year ended 31 December 2019 ("FY 2019") except for:

Practice 4.2 – Tenure of Independent Directors (tenure of an Independent Director does not exceed a cumulative term limit of 9 years and shall carry out a two-tier shareholder voting process for Independent Director that exceeds 12 years in tenure).

Practice 7.2 – Remuneration of top five (5) key senior management (disclosure on a named basis with remuneration components in bands of RM50,000).

Practice 11.2 – Adoption of integrated reporting.

Practice 12.3 – Leverage on technology (voting in absentia and remote shareholders' participation at General Meetings).

Explanations for the non-application of the abovementioned practices have been provided clearly in the CG Report, which is available on the Company's website http://my.keckseng.com and Bursa Securities's website. The Board has however put in place alternative measures that would achieve an outcome that is largely similar to CG Code's Intended Outcome or meet the needs of the Company.

Details on the application of the other CG Code Practices are stated below.

PRINCIPLES AND PRACTICES OF THE CG CODE

Principle A – Board Leadership and Effectiveness

I. Board Responsibilities

Board Of Directors
Responsible for the overall directions and performance of the Group and has an oversight on matters delegated to Management

Audit Committee ("AC")
Oversees financial reporting process, risk management & internal control, related party transactions & conflict of interest

Nominating Committee ("NC")
Oversees matters pertaining to the nomination and appointment of Directors and the annual assessment of the Board, Board Committees and individual Directors

Remuneration Committee ("RC")
Oversees matters pertaining to the remuneration of Directors

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Board's Role

The Board collectively responsible for the overall leadership of the Group. Members of the Board are selected and appointed based on their experience, skills and abilities which will strengthen the operations of the Board. Each Director is expected to devote sufficient time to effectively discharge their duties and responsibilities, to act in good faith, provide insights and consider at all times the interests of the Group.

The Board's roles, responsibilities and authorities are clearly defined in the Board Charter. The Board Charter can be found on the Company's website.

Apart from fulfilling its statutory responsibilities, the Board collectively:

- reviews and determines the Group's overall direction, development, control and ensures that the Group's business policies and practices are designed to deliver sustainable value to its shareholders and other stakeholders. The Group's economic, environmental and social activities are set out on pages 58 to 73 of this Annual Report;
- provides leadership to Management;
- establishes and reviews management's performance indicators, control mechanisms and related benchmarks;
- monitors the financial position and evaluates the overall performance of the Group through quarterly reviews of the Group's results;
- ensures that a sound and adequate framework of reporting on risk management and internal control and legal and regulatory compliance are in place;
- ensures that succession plan for the Group is considered; and
- ensuring that the Company's strategies are aligned to the interest of the shareholders and other stakeholders.

Although all the Directors have an equal responsibility in determining the manner in which the affairs of the Group are managed and the Executive Directors are primarily responsible for managing the overall business activities of the Group, the role of the Independent Non-Executive Directors is particularly important as they exercise independent, objective judgement in respect of Board decisions and scrutinise strategies proposed by the Executive Directors or Management, whilst taking into account the long-term interest of the Group including those of the shareholders and other stakeholders. They are also actively involved in the various Board Committees.

The Board's key focus areas during 2019 were:

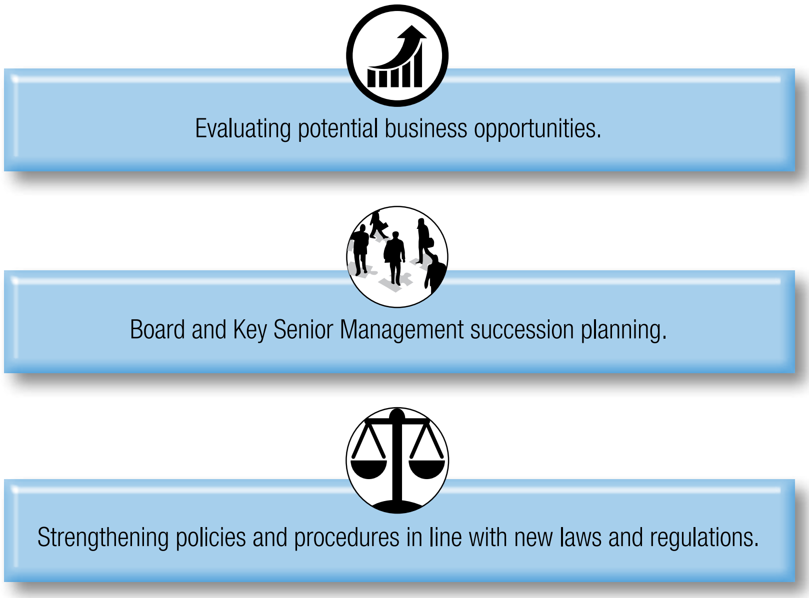
Overseeing the conduct and perfomance of the Group's business	Ensuring integrity of the Group's financial and non-financial reporting	Promoting good corporate governance culture within the Group
Managing succession planning at Board and Senior Key Management levels	Reviewing internal audit & risk assessment analysis reports	Reviewing year-end corporate statements and reports
Updating Board and Board Committees Charters	Alteration of Constitution in accordance with Companies Act 2016 and other provisions of laws and regulations	Enhancement of Boardroom Diversity and Independence

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Board's Role (cont'd)

Corporate Governance in 2020 and beyond:



Chairman's Role

The Executive Chairman ("EC"), Mr. Ho Kim Swee @ Ho Kian Guan, with the assistance of the Company Secretary, schedules Board meetings and ensures that the Board receives accurate, timely and clear information, enabling the Board to perform its duties reasonably. During Board meetings, the EC encourages constructive deliberations between the board members by allowing sufficient time to be given on deliberation of issues.

It is the view of the Company that Mr. Ho who has provided the Group with strong leadership and guidance to continue as Chairman of the Company so that the Board can benefit from his stewardship, guidance and in-depth knowledge of the business.

The NC is also satisfied that Mr. Ho has discharged his duties effectively and has continued to play a vital role in leading the Board.

Separation of Executive Chairman and Managing Director

A distinct and clear division of responsibilities have been established between Mr. Ho Kim Swee @ Ho Kian Guan, the EC and Dato' Ho Cheng Chong @ Ho Kian Hock, the Managing Director ("MD") who fulfills the Chief Executive Officer's role. The EC provides leadership to the Board, whilst the MD oversees the Group's day-to-day operations and communicates policies and strategies adopted by the Board throughout the entire organisation. The separation of these two roles ensures that there is a balance of power and authority and distinct areas of focus.

Details of the EC and MD's roles can be found in the Company's Board Charter via the Company's website.

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Company Secretaries

The Board has direct access to the advice and services of 3 suitably qualified Company Secretaries in discharging their duties.

The Company Secretary(ies) attend(s) all Board meetings and are responsible to ensure that Board procedures are adhered to. The Company Secretaries act as a key resource support and advise the Board in relation to the Company's Constitution, compliance with the applicable rules and regulatory requirements including Directors' disclosure obligations, code or guidance and legislations as well as assisting in the induction of new Directors and professional development as required. Periodic updates are also provided by the Company Secretary on the latest regulatory developments as well as interprets and implements pertinent corporate governance matters.

Together with the Board, the Company Secretaries ensure compliance with the Companies Act 2016 and relevant laws and regulations applicable to the Company.

The Board is of the view that the Company Secretaries are qualified and competent in discharging their duties.

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Access to Information

The Board has unrestricted access to timely and accurate information, necessary in the furtherance of their duties. The information is not restricted to quantitative information but may include other information deemed suitable.

All Directors are furnished with Board papers not less than seven (7) days prior to each Board meeting. Sufficient time is given to enable the Directors, where necessary, to obtain further explanation, information or be properly briefed before the meeting. The Board papers encompass all aspects of the matters being considered, enabling the Board to look at both the quantitative and qualitative factors so that informed decisions are made.

Deliberations and decisions made during the Board meetings are properly minuted, documented and promptly circulated to the respective Board members in a timely manner by the Company Secretary.

In furtherance of their duties, where necessary and in appropriate circumstances, the Board is entitled to seek independent professional advice at the Company's expense to enable it to discharge its responsibilities effectively. The Directors are also accessible to Management for information and exchange of views outside formal Board meetings.

Board and Board Committee Charters

The Board Charter acts as a source of reference and primary induction material in providing insights to Board members and Senior Management. It defines the respective roles, responsibilities and authorities of the Board (both individually and collectively) in setting the direction, management and control of the Group and Company.

The Board Charter consists, among others, the Board's objectives, responsibilities, committees and meeting procedures.

The Board Charter is periodically reviewed and updated in accordance with the needs of the Company or as changes arise that may have an impact on the discharge of the Board's responsibilities.

Apart from the Board's role mentioned on pages 28 to 29, the Board also reserves full rights to decide for the following matters:

- Conflict of interest issues relating to a substantial shareholder or director including approving related party transactions;
- Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
- Strategic investments, mergers and acquisitions and corporate exercises;

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Board and Board Committee Charters (cont'd)

- Authority limits;
- Treasury policies;
- Risk management policies; and
- Key human resource issues.

When deemed necessary, the abovementioned matters may be amended by the Board.

Audit Committee ("AC")

- 5 Independent Non-Executive Directors.
- Governed by the AC Charter.

Nominating Committee ("NC")

- 5 Independent Non-Executive Directors.
- Governed by the NC Charter.

Remuneration Committee ("RC")

- 5 Independent Non-Executive Directors.
- Governed by the RC Charter.

To effectively discharge its function and responsibilities, the Board is assisted by three (3) Board Committees, namely AC, NC and RC, which operate within their defined Charters. All Board Committee Charters are approved by the Board, reviewed and updated periodically to ensure they comply with legislations, regulations and practices, and remain effective and relevant to the Board's objectives and responsibilities. The respective Board Committee Charters, which encompasses the Committees' duties and authorities can be found on the Company's website.

At each Board meeting, the chairman of the respective Board Committees will report to the Board on key matters deliberated at the respective Committees' meetings and its outcomes. The Board Committees' minutes of meetings are presented to the Board for notation.

All other matters not specifically reserved for the Board or the Board Committees but are necessary for the day-to-day operations of the Group have been delegated to Management. Management's responsibilities conferred by the Board are delegated through the MD and is under the MD's purview. The responsibilities of Management are to ensure that:

- Strategic plans are formulated and implemented;
- Strategic objectives are met;
- Risk and sustainability management processes are upheld at every operational level;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Board and Board Committee Charters (cont'd)

- Effective internal controls are in place, including proper segregation of duties and responsibilities;
- Succession plans are in place;
- Legal and statutory requirements are met;
- Policies and procedures are drawn up, reviewed and updated, where necessary; and
- Timely, accurate and clear financials and information are maintained and available.

Code of Conduct

All Directors and employees are expected to uphold high ethical standards and professional conduct at all times and to work with a strong sense of integrity so as to build and maintain trust and credibility. The Company's Code of Conduct ("COC") sets the standards required of all its Directors and employees. The COC covers employment and behavioral standards, work environment, fairness, business standards, safety and health and environment. The Company's COC can be viewed on the Company's website. Apart from the COC, the Board is also guided by the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.

In line with the enforcement of the corporate liability provision in the Malaysian Anti-Corruption Commission Act 2009, the Company adopted an Anti-Bribery and Anti-Corruption ("ABAC") Policy as well as enhanced its COC and where needed, strengthened its policies and procedures to curb any corrupt activities.

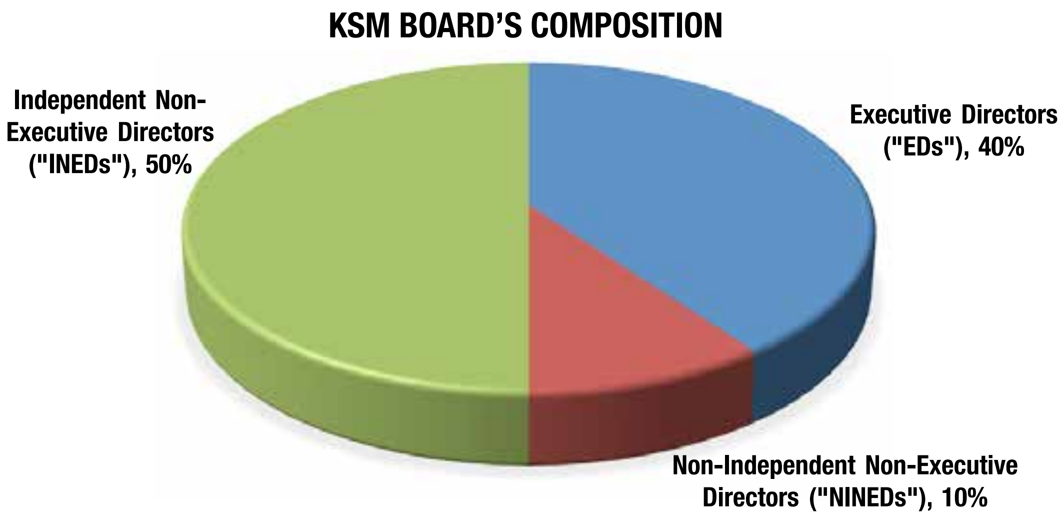
The COC and ABAC Policy are available on the Company's website.

Whistleblowing

The Company encourages its employees to report any breaches in its COC or improprieties. It has in place a Whistleblowing Policy which provides for the mechanism by which the employee, may in confidence, raise genuine concerns about possible improprieties in financial reporting, breaches in legal obligations, criminal activities or other matters. Complaints can be channelled to the Head of Internal Audit, who reports to the AC.

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

II. Board Composition



PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

II. Board Composition (cont'd)

Independent Directors

On 31 August 2019, YM Tengku Yunus Kamaruddin resigned as the Company's INED and as member of the respective Board Committees. To foster objectivity in the boardroom, Mr. Liew Foong Yuen was appointed as the new INED on 29 November 2019, allowing the Company to maintain its composition of INEDs at 50% of the Board.

This composition meets the requirements of the MMLR, which requires at a minimum of two (2) or one-third (1/3) of the Board, whichever is higher to be Independent Directors and the CG Code, which requires at least half of the Board to consist of Independent Directors.

The INEDs are independent of management and free from any relationship which could interfere with their judgement.

Mr. Too Hing Yeap @ Too Heng Yip has been appointed by the Board to be Senior Independent Non-Executive Director ("SID"), to whom shareholders or stakeholders may convey their concerns. The role of the SID is further explained in the Board Charter.

Annual reviews on Directors' independence are carried out by the Board according to the MMLR on independence. The NC reviews the independence of INEDs and has placed high emphasis on whether each of the INED has demonstrated independent mindedness during board meetings and has been exercising independent judgement in the best interest of the Company, in discharging their duties. Further to the reviews, each INED has also submitted an annual independence declaration.

The Board together with the NC have concurred that each of the INED is able to exercise independent and objective judgement on commercial and corporate governance matters, notwithstanding that two (2) of them have served for more than 9 years on the Board. After careful assessment, the Board and the NC are of the view that the INEDs remain independent.

Tenure of Independent Directors

The Company does not have a policy which limits the tenure of its Independent Directors to 9 years. Instead, the Board has adopted the best practice for assessing the independence of Independent Directors, in which justifications will be made and shareholders' approval is sought for at the Company's Annual General Meeting ("AGM").

The Board and NC know that long serving Board members contribute significantly to the stability and pool of experience of the Board. It is mindful that the exit of such members may result in a significant loss to the Company. The Board and NC are aware that under Practice 4.2 of the CG Code, a two-tier voting process for shareholders is required to approve the continuity of Independent Directors that have served the Company for more than twelve (12) years. The Board advocates that the two-tier voting process will not be conducted but will seek the shareholders' approval at each AGM for the re-appointment of Independent Directors who have served the Board for more than twelve (12) years.

In the last 49th AGM, the Board has recommended and obtained the shareholders' approval in re-appointing three (3) of its INEDs, namely Mr. Too Hing Yeap @ Too Heng Yip, YM Tengku Yunus Kamaruddin and Maj-Gen (R) Dato' Muhammad Bin Yunus, who have served as INEDs of the Company for a cumulative term of more than nine (9), seventeen (17) and eighteen (18) years respectively.

With the resignation of YM Tengku Yunus Kamaruddin, the Board will only seek the shareholders' approval at the forthcoming 50th AGM, for the re-appointment of Mr. Too Hing Yeap @ Too Heng Yip and Maj-Gen (R) Dato' Muhammad Bin Yunus, who have served as INEDs of the Company for a cumulative term of more than ten (10) and nineteen (19) years respectively. The re-appointments are made based on the following justifications:

- the criteria of "Independence" as set out under Paragraph 1.01 of the MMLR of Bursa Securities have been met;
- they are able-bodied and mentally alert;
- their lengthy years with the Company make them familiar with the Group's operations. This allows them to actively participate during deliberations while exercising their independent judgement and decision making;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Tenure of Independent Directors (cont'd)

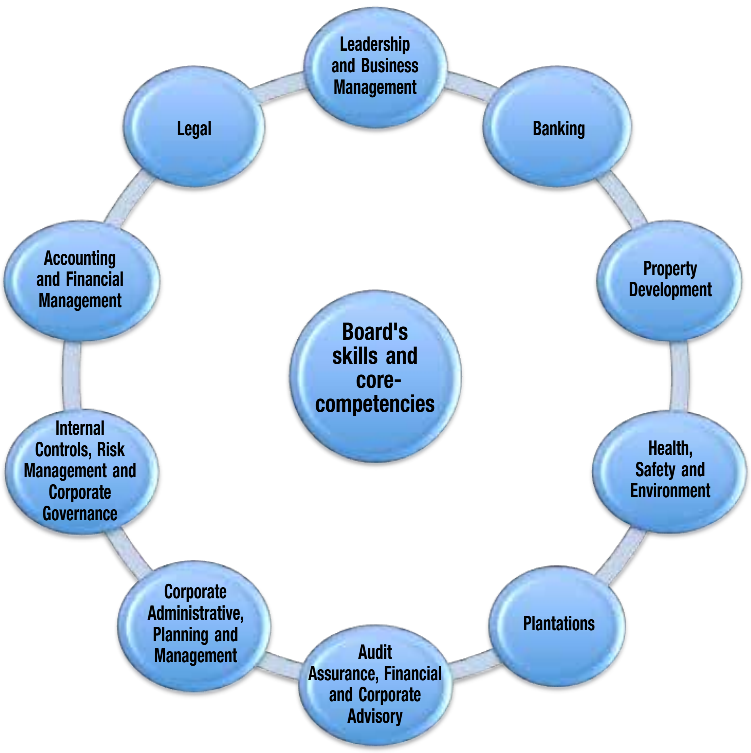
- they had performed their Board and Board Committees' roles diligently and in the best interest of the Company and shareholders as a whole;
- their knowledge, experience and networking have contributed to the good performance and sustainable growth of the Group; and
- during their tenure in office, Mr. Too Hing Yeap @ Too Heng Yip and Maj-Gen (R) Dato' Muhammad Bin Yunus:
  - ➢ have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the EDs, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties;
  - ➢ have never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, the EDs, major shareholders or Management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the MMLR; and
  - ➢ have not been offered or granted any options by the Company. Other than Director's fees and allowances paid which had been the norm and been duly disclosed in the annual report, no other incentives or benefits of whatsoever nature had been paid to them by the Company.

Diversity

The Board recognises the value of appointing individual directors who bring diverse skills, knowledge, expertise and opinions. Thus, when considering for suitable candidates, the NC will take into consideration the candidate's skills, knowledge, expertise, experience, professionalism, integrity, competencies, independence and diversity (including gender diversity, ethnicity and age).

The Company's current Board members, provides the Board with a mixed industry-specific knowledge, broad business and commercial experience. This balance enables the Board to provide effective governance to the Group. They also bring informed, independent and balanced perspective to the Group's strategy and performance so as to ensure that the Group maintains the highest standards of conduct and integrity.

The Board's skills and core-competencies are as depicted below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

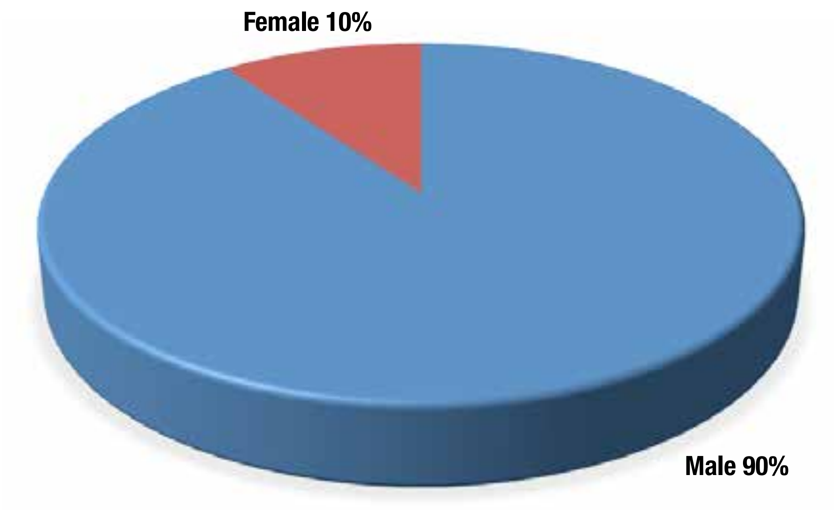
PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Diversity (cont'd)

Certain Director(s) may have a mix of the abovementioned skills and core-competencies.

KSM BOARD'S GENDER DIVERSITY



The Board is mindful of the recommendation of the CG Code on gender diversity and through the NC, endeavours to search for women candidates whenever it needs to conduct a recruitment exercise. This will be done over time, taking into consideration the present Board size.

Notwithstanding the abovementioned, the NC's main emphasis is still on achieving an effective blend of competencies, skills, experience and knowledge for the Board.

The Group and Company strives to promote a culture of diversity, respect and equal opportunity, where employees can succeed based on personal ability and contribution. Management believe in attracting and retaining people who have the desire to perform their absolute best. A diverse workforce would enable the Group to have a competitive edge by providing access to new ideas, better decision making and the ability to attune to a variety of customers and cultures. The Group's employees spread across all age brackets, represent a variety of nationalities, genders, work style, viewpoints and expectations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Appointments and Annual Assessment

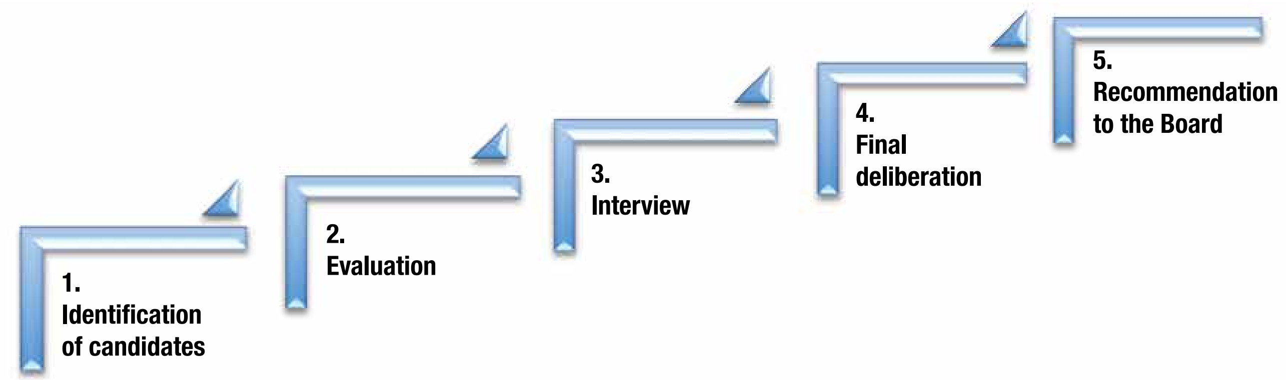
The NC comprises exclusively of Independent Non-Executive Directors. Their attendance details are as follows:

Members	No of Meetings Attended
Mr. Too Hing Yeap @ Too Heng Yip *Senior Independent Non-Executive Director (Chairman)*	2/2
Maj-Gen (R) Dato' Muhammad Bin Yunus *Independent Non-Executive Director*	2/2
Mr. Tai Lam Shin *Independent Non-Executive Director*	2/2
Encik Mahathir Bin Mohamed Ismail *Independent Non-Executive Director*	2/2
Mr. Liew Foong Yuen *Independent Non-Executive Director (appointed on 29 November 2019)*	Not applicable
YM Tengku Yunus Kamaruddin *Independent Non-Executive Director (resigned on 31 August 2019)*	1/1

The NC is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director, provided that the Chairman of the NC, in developing such recommendations, consults all Directors and reflects that consultation in any recommendation of the NC brought forward to the Board.

The NC was established by the Board to ensure a formal and transparent procedure is in place for the appointment and re-nomination of Directors of the Company.

The nomination process involves the following five (5) stages:



Candidates considered for appointment as Director may be facilitated through recommendations from Directors, Management, advisors or external parties including business associates.

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Appointments and Annual Assessment (cont'd)

The NC's main duties and responsibilities are to:

- recommend to the Board, suitable directors to fill the seats of new Executive Directors or Non-Executive Directors and Board Committees;

- annually review and assess the performance of Non-Executive Directors; based on skills, experiences and core-competencies, save and except where such review and assessment are in respect of any member or members of the Committee; and

- annually assess the effectiveness of the Board as a whole, the Board Committees and contribution of each individual director, save and except where the assessment is in respect of any member or members of the Committee.

The Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act 2016, MMLR and other regulatory requirements.

Newly appointed Directors will undergo induction and training programmes, where appropriate. The induction programme may include visits to key locations and meetings with other key management to gain a better understanding of business operations and for operational updates. Throughout their period in office, the Directors will be updated on the Group's business, the competitive and regulatory environments in which it operates and other changes, by written briefings and meetings. The Directors will also be advised of their legal and other obligations as Directors of a listed company.

Expectation of the time commitment for its members to carry out their responsibilities and protocol for accepting new directorships in other public listed companies are informed and discussed by the Board. The Directors are expected to devote sufficient time in discharging their responsibilities, thus to meet the time commitment criteria set, all the Directors' directorship in public listed companies should not exceed five (5). Directors must consult the Chairman of the Board prior to accepting any new directorship on listed companies and notify the Board on any changes to their external appointment. The Directors are required to disclose and update their directorship and shareholdings in other companies as and when necessary. For details of the Directors' other directorship, please refer to Directors' profile on pages 9 to 18 of this Annual Report.

Board and Board Committee meetings are scheduled well in advance in consultation with the Directors. This is to enable the Directors to plan ahead and coordinate their respective schedules. The Board meets at least four (4) times a year at regular intervals. During the financial year ended 31 December 2019, five (5) meetings were held. The Group's financial statements and financial performance are deliberated and considered on a quarterly basis. During these meetings, the Board may also appraise new investment and business proposals, review the management or performances of the operating units or existing investment and any other strategic issues that affect or may affect the Group's business. Additional meetings are held as and when required. The Board and its Committees are furnished with full and timely information to enable them to discharge their responsibilities.

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Appointments and Annual Assessment (cont'd)

Details of the attendance of the Directors at the Board of Directors' Meetings held during the financial year are as follows:

Members	No of Meetings Attended
Mr. Ho Kim Swee @ Ho Kian Guan	4/5
Dato' Ho Cheng Chong @ Ho Kian Hock (Alternate: Mr. Ho Chung Kain [He ChongJing])	5/5
Mr. Ho Eng Chong @ Ho Kian Cheong (Alternate: Mr. Ho Chung Kiat, Sydney [He ChongJie, Sydney])	4/5
Ms. Lee Huee Nan @ Lee Hwee Leng (Alternate: Mr. Ho Chung Hui)	5/5
Mr. Chan Lui Ming Ivan (Alternate: Mr. Ho Chung Tao)	5/5
Mr. Too Hing Yeap @ Too Heng Yip	5/5
Maj-Gen (R) Dato' Muhammad Bin Yunus	5/5
Mr. Tai Lam Shin	5/5
Encik Mahathir Bin Mohamed Ismail	5/5
Mr. Liew Foong Yuen (appointed on 29 November 2019)	Not applicable
YM Tengku Yunus Kamaruddin (resigned on 31 August 2019)	3/4

Training and Development of Directors

In order to continue to contribute effectively, the Directors are provided the opportunity to take part in training and development programmes or briefings so as to keep abreast with general economic, industry and technical developments.

All Directors have attended the Mandatory Accreditation Program ("MAP") as required by Bursa Securities. During the financial year, the Directors (save for Mr. Liew Foong Yuen as he has not identified any training courses that were of particular benefit to his role as INED of the Company since his appointment on 29 November 2019) have attended the following professional development programmes:

Members	Training Programmes	Dates
Mr. Ho Kim Swee @ Ho Kian Guan	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
Dato' Ho Cheng Chong @ Ho Kian Hock (Alternate: Mr. Ho Chung Kain [He ChongJing])	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Training and Development of Directors (cont'd)

Members	Training Programmes	Dates
Mr. Ho Eng Chong @ Ho Kian Cheong (Alternate: Mr. Ho Chung Kiat, Sydney [He ChongJie, Sydney])	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
Ms. Lee Huee Nan @ Lee Hwee Leng (Alternate: Mr. Ho Chung Hui)	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
Mr. Chan Lui Ming Ivan (Alternate: Mr. Ho Chung Tao)	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
Mr. Too Hing Yeap @ Too Heng Yip	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
Maj-Gen (R) Dato' Muhammad Bin Yunus	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
Mr. Tai Lam Shin	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
	MFRS 9 – Financial Instruments: Measurement & Recognition	9 July 2019
	Demystifying the Diversity Conundrum: The Road to Business Excellence	14 August 2019
	World Politico-Economic Trends Amidst USA-China Trade Wars Opportunities & Challenges for Southeast Asia	22 August 2019
	Deloitte Tax Max – The 45th Series	13 November 2019

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Training and Development of Directors (cont'd)

Members	Training Programmes	Dates
Encik Mahathir Bin Mohamed Ismail	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
	Independent Directors Programme: The Essence Of Independence	27 June 2019
YM Tengku Yunus Kamaruddin *(resigned on 31 August 2019)*	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
Mr. Ho Chung Kain (He ChongJing)	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
Mr. Ho Chung Hui	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
Mr. Ho Chung Tao	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019
Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney)	Tax: Special Voluntary Disclosure Programme and Common Reporting Standards Advisory: Integrated Reporting Malaysian Financial Reporting Standard (MFRS) 16 – Leases	30 May 2019

The re-election and re-appointment of the Directors is governed by:

- the Company's Constitution, where all directors who are appointed by the Board are subject to re-election by the shareholders at the first opportunity after their appointment. The Constitution also provides that at least one-third (1/3) of the Board including the Managing Director is subject to re-election at regular intervals which is at least once in every three (3) years; and

- Section 205 of the Companies Act 2016, where one-third (1/3) of the directors or if their number is not three (3) or multiple of three (3) then the number nearest to one-third (1/3), shall retire from office and be eligible for re-election at the AGM.

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Summary of activities of the NC for the financial year

During the financial year ended 31 December 2019, the NC has carried out the following activities:

- Reviewed the composition and dynamics of the Board of Directors and it was of the view that:
  - ➢ the Board was composed of personalities with the required mix of skills, experience and competencies needed by the Group for its core business activities; and
  - ➢ the composition of the various Committees of the Board has the necessary mix of skills, experience and competencies to undertake the duties and responsibilities defined in the respective Committees' Charters.
- Conducted an annual assessment and evaluation process that comprises performance, independence and peer and self-evaluations of the:
  - ➢ Directors individually; and
  - ➢ Board and Board Committees collectively.
- Obtained from each INED an annual independence declaration;
- Reviewed, evaluated and recommended Mr. Liew Foong Yuen to be appointed as the new INED to the Board for approval. Even though his candidacy was recommended by the Board members, he was selected to be KSM's INED after considering his qualification, skills set, competency and experience;
- Reviewed and recommended the re-election and re-appointment of Directors at the forthcoming AGM; and
- Reviewed the NC Charter.

The NC is satisfied that the:

- Board and the respective Board Committees continue to operate effectively and each Director have demonstrated commitment to their role and continue to operate effectively;
- Board members continue to worked together and contribute effectively;
- Results of the annual performance evaluations have been positive, indicating satisfactory Board performance;
- Respective INED remain independent;
- Required Board size and composition have been maintained with the appointment of Mr. Liew Foong Yuen as YM Tengku Yunus Kamaruddin's replacement; and
- NC Charter remains relevant and up-to-date.

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

III. Remuneration

Remuneration of Directors and Senior Management

The Directors' remuneration packages are structured to ensure that they are competitive and sufficient to attract, retain and motivate the members of the required quality to manage the Company successfully. Key Senior Management's remuneration packages are reviewed annually together with the other employees' annual increment evaluation and is under the purview of the Managing Director.

The Executive Directors' and Key Senior Management's bonuses are dependent on the performance of the Group. Their remuneration packages consist of basic salary, bonuses, allowances and benefits-in-kind ("BIK").

Directors' fee and benefits paid reflect the individual director's responsibilities, membership of the Board and Board Committees as well as their attendance at Board and Board Committee meetings.

The Remuneration Policy is available for reference on the Company's website.

The RC is established to oversee and review the Board's remuneration. The RC comprises exclusively of Independent Non-Executive Directors and their attendance details are as follows:

Members	No of Meetings Attended
Maj-Gen (R) Dato' Muhammad Bin Yunus *Independent Non-Executive Director (Chairman)*	2/2
Mr. Too Hing Yeap @ Too Heng Yip *Senior Independent Non-Executive Director*	2/2
Mr. Tai Lam Shin *Independent Non-Executive Director*	2/2
Encik Mahathir Bin Mohamed Ismail *Independent Non-Executive Director*	2/2
Mr. Liew Foong Yuen *Independent Non-Executive Director (appointed on 29 November 2019)*	Not applicable
YM Tengku Yunus Kamaruddin *Independent Non-Executive Director (resigned on 31 August 2019)*	1/1

Summary of activities of the RC for the financial year

The RC's main activities for the financial year ended 31 December 2019 were as follows:

- Reviewed the remuneration package for Executive Directors; and
- Reviewed and recommended the remuneration packages of the Non-Executive Directors to the Board, save and except where the remuneration is in respect of any member or members of this Committee.

All Directors' fees are determined by the Board and approved by the shareholders at the Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Remuneration of Directors and Senior Management (cont'd)

The Company has adopted the fixed board fees plus set fees for chairperson or members of a committee. The structure of the fees payable to Directors of the Company for the financial year ended 31 December 2019 is as follows:

	Fees per annum (RM)			
Appointment	**Board**	**Remuneration Committee**	**Nominating Committee**	**Audit Committee**
Chairman	115,000	20,000	20,000	25,000
Member	85,000	10,000	10,000	15,000

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Group and the Company during the financial year ended 31 December 2019 are as follows:

The Group

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others (*) RM'000	Total RM'000
Executive					
Mr. Ho Kim Swee @ Ho Kian Guan	1,484	119	399	91	**2,093**
Dato' Ho Cheng Chong @ Ho Kian Hock	3,386	101	873	362	**4,722**
Mr. Chan Lui Ming Ivan	452	101	250	115	**918**
Ms. Lee Huee Nan @ Lee Hwee Leng	339	101	187	78	**705**
Mr. Ho Chung Kain (He ChongJing)	497	16	188	88	**789**
Mr. Ho Chung Hui	497	16	188	88	**789**
Non-Executive					
Mr. Ho Eng Chong @ Ho Kian Cheong	-	85	-	7	**92**
Mr. Too Hing Yeap @ Too Heng Yip	-	140	-	17	**157**
Maj-Gen (R) Dato' Muhammad Bin Yunus	-	130	-	17	**147**
Mr. Tai Lam Shin	-	120	-	17	**137**
Encik Mahathir Bin Mohamed Ismail	-	120	-	17	**137**
Mr. Liew Foong Yuen *(appointed on 29 November 2019)*	-	10	-	-	**10**
YM Tengku Yunus Kamaruddin *(resigned on 31 August 2019)*	-	80	-	12	**92**
Mr. Ho Chung Tao	-	-	-	-	**-**
Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney)	-	-	-	-	**-**
Total	6,655	1,139	2,085	909	**10,788**

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Remuneration of Directors and Senior Management (cont'd)

The Company

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others (*) RM'000	Total RM'000
Executive					
Mr. Ho Kim Swee @ Ho Kian Guan	1,234	115	337	67	**1,753**
Dato' Ho Cheng Chong @ Ho Kian Hock	2,739	85	748	308	**3,880**
Mr. Chan Lui Ming Ivan	452	85	250	115	**902**
Ms. Lee Huee Nan @ Lee Hwee Leng	339	85	187	78	**689**
Non-Executive					
Mr. Ho Eng Chong @ Ho Kian Cheong	-	85	-	7	**92**
Mr. Too Hing Yeap @ Too Heng Yip	-	140	-	17	**157**
Maj-Gen (R) Dato' Muhammad Bin Yunus	-	130	-	17	**147**
Mr. Tai Lam Shin	-	120	-	17	**137**
Encik Mahathir Bin Mohamed Ismail	-	120	-	17	**137**
Mr. Liew Foong Yuen *(appointed on 29 November 2019)*	-	10	-	-	**10**
YM Tengku Yunus Kamaruddin *(resigned on 31 August 2019)*	-	80	-	12	**92**
Mr. Ho Chung Kain (He ChongJing) (Alternate to Dato' Ho Cheng Chong @ Mr. Ho Kian Hock) [N1]	339	-	188	88	**615**
Mr. Ho Chung Hui (Alternate to Ms. Lee Huee Nan @ Lee Hwee Leng) [N2]	339	-	188	88	**615**
Mr. Ho Chung Tao (Alternate to Mr. Chan Lui Ming Ivan)	-	-	-	-	**-**
Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney) (Alternate to Mr. Ho Eng Chong @ Ho Kian Cheong)	-	-	-	-	**-**
Total	5,442	1,055	1,898	831	**9,226**

(*) Others – Include benefits-in-kind, allowances and EPF contributions on salary and bonus by employer.

[N1] – Remuneration paid by virtue of his position as General Manager of Keck Seng (Malaysia) Berhad.

[N2] – Remuneration paid by virtue of his position as Commercial/Corporate Director of Keck Seng (Malaysia) Berhad.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle A – Board Leadership and Effectiveness (cont'd)

Remuneration of Directors and Senior Management (cont'd)

The remuneration of the top five (5) Key Senior Management is as follows:

Remuneration Band	No. of Pax
RM1 to RM500,000	-
RM500,001 to RM550,000	1
RM550,001 to RM600,000	1
RM600,001 to RM650,000	1
RM650,001 to RM700,000	-
RM700,001 to RM750,000	1
RM750,001 to RM1,150,000	-
RM1,150,001 to RM1,200,000	1
Total	**5**

Principle B. Effective Audit and Risk Management

I. Audit Committee

Audit Committee Chairman

Mr. Too Hing Yeap @ Too Heng Yip, Senior Independent Non-Executive Director is the Chairman of the Audit Committee ("AC").

Cooling-off Period

To avoid any conflict of interest and independence issues, the NC in determining whether a former key audit partner can be appointed as a member of the AC, will take into consideration a cooling off period of at least two (2) years.

None of the current AC member was a former key audit partner of the Company's existing auditing firm or corporation.

External Auditors' Independence

The Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the applicable Malaysian Financial Reporting Standards and Companies Act 2016. The AC's work in relation to the external auditors is outlined in the AC Report set out on pages 49 to 54 of this Annual Report. A copy of the policy and procedures to assess the independence of the external auditors can be found on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle B. Effective Audit and Risk Management (cont'd)

AC Composition

The AC comprises solely Independent Non-Executive Directors.

The Board is responsible for presenting a fair assessment of the Group and the Company's position and prospects through quarterly reports to Bursa Securities and the annual report to shareholders. The Board is required under Paragraph 15.26(a) of the MMLR of Bursa Securities to issue a statement, which is appended below, explaining its responsibility for preparing the annual audited financial statements.

The AC assists the Board by overseeing the financial reporting, which includes, scrutinising information for disclosure to ensure adherence to applicable Financial Reporting Standards, accuracy, adequacy and completeness. The AC members have attended the relevant trainings and briefings to keep abreast of technical developments. Details of the trainings and briefings attended by the AC members are set out on pages 38 to 40 of this Annual Report.

Details of the AC members' biography are set out on pages 9 to 18 under Directors' Profile and the AC's summary of activities for the financial year are outlined on pages 49 to 54 under the AC Report.

Directors' Responsibility Statement In Relation To The Financial Statements

The Directors are responsible to ensure that the Group and the Company's annual audited financial statements for the financial year are drawn up in accordance with the applicable Financial Reporting Standards and the provisions of the Companies Act 2016 so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019 and of the financial performance and cash flows of the Group and the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new standards would be stated in the notes to the financial statements accordingly.

In preparing for the abovementioned statements, the Directors have ensured that:

- suitable accounting policies have been adopted and applied consistently;
- judgements and estimates made are reasonable and prudent;
- all the requirements of the relevant Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements have been prepared on a going concern basis;
- reasonable steps have been taken to ensure that the Group and the Company maintains proper accounting and other records as required by the Companies Act 2016 and disclosed with reasonable accuracy the financial position of the Group and the Company;
- assets of the Group and the Company are safeguarded; and
- steps are taken to prevent and detect fraud, irregularities and material misstatements.

The Group and the Company's quarterly and annual financial results which are released to shareholders, within the stipulated time frame reinforce the Board's commitment to provide a true and fair view of the Group and the Company's operations.

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle B. Effective Audit and Risk Management (cont'd)

II. Risk Management And Internal Control Framework

Risk Management and Internal Control Function

The Board is responsible for establishing and maintaining a sound system of risk management and internal control to ensure that the shareholders' investments, stakeholders' interests and assets of the Group are safeguarded. It directs the Group in managing risks and determines the level of risk that the Group is willing to accept in the conduct of its business activities.

The AC oversees the risk management and internal control function. The AC, comprising solely Independent Non-Executive Directors, assist the Board in evaluating the adequacy and effectiveness of the Group's system of risk management and internal control. The AC reviews the nature and extent of key risks identified to ensure that the Group has put in place risk treatment measures to mitigate those risks. The activities of the AC with regard to the Company's risk management and internal control for the financial year ended 31 December 2019 are separately set out on pages 49 to 54 under the AC Report.

Risk and Sustainability Committees ("RSC") are established by the operating business units to assist the Managing Director in ensuring that risk and sustainability management processes are in place. In light that different business units have different cultures and risk profiles, each business unit will identify and evaluate its own set of risks. The risk and sustainability management review processes are participated by the respective RSC. The management of the system of risk management and internal control are outlined on pages 55 to 57 of the Statement on Risk Management and Internal Control.

Internal Audit Function

The Group's internal audit function is carried out by its dedicated in-house Internal Audit Department ("IAD"). The IAD reports directly to the AC and supports the Committee in discharging its responsibility. This line of reporting promotes independence and allows the IAD to have unrestrictive access to operations, records, property and personnel within the Group. The appointments and resignations of the internal auditors are under the purview of the AC. The IAD consist of professional and accounting graduates. The Head of Internal Audit is a qualified Accountant registered with the Malaysian Institute of Accountants and The Institute of Internal Auditors, Malaysia respectively.

None of the Internal Audit members have any family relationship with any Director and/or major shareholder of the listed issuer and any conflict of interests with the listed issuer, which could impair their objectivity and independence.

The activities of the IAD for the financial year ended 31 December 2019 are guided by the Internal Audit Charter and Annual Audit Plan. These activities are separately set out on pages 49 to 54 under the AC Report.

Principle C. Integrity In Corporate Reporting and Meaningful Relationship With Stakeholders

I. Communication With Stakeholders

Strengthening Relationship with Stakeholders

The Group recognises the need to inform shareholders and investors of all major developments of the Group on a timely basis. The Company is guided by the Company Secretary on the type and timing of announcements made and also its Corporate Disclosure Policy. An open line of communication with stakeholders is maintained through timely announcements and quarterly reports to Bursa Securities's website and on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES AND PRACTICES OF THE CG CODE (cont'd)

Principle C. Integrity In Corporate Reporting and Meaningful Relationship With Stakeholders (cont'd)

II. Conduct Of General Meetings

The Board regards the AGM as the principal forum for dialogue with shareholders and the Annual Report ("AR") as a vital and convenient source of information for existing and potential investors and stakeholders. To enable shareholders to make adequate preparation, the Notice of AGM is issued at least 28 days before each AGM. Last year's AGM was held on 30 May 2019 and the Notice of AGM was sent to the shareholders on 29 April 2019. In addition to sending out the Notice of AGM, the Company had also published the Notice on its website.

Besides the usual agenda for the AGM, the Board presents the progress and performance of the business as contained in the AR. Shareholders are encouraged to ask questions, clarify facts and provide feedback to the Board and Management. All the Directors, the Group Accountant and external auditors are available to provide meaningful responses to questions raised by the shareholders during the AGM.

During the last AGM, the Company has complied with:

- Paragraph 9.21(2)(b) of MMLR of Bursa Securities, which states that a summary of key matters discussed during the AGM, as soon as practicable after the conclusion of the AGM will be published on the Company's website;
- Paragraph 8.29(A)(1) of MMLR of Bursa Securities, which states that all resolutions are voted by poll (^); and
- Paragraph 8.29(A)(2) of MMLR of Bursa Securities, which states that a listed issuer must appoint at least one (1) scrutineer to validate the votes cast at the AGM.

Shareholders that are unable to attend, may appoint their representatives to attend and vote on their behalf.

(^) The Company has decided not to leverage on technology to facilitate on voting as the AGM is held in an accessible venue and coupled by past shareholders' low attendance which does not justify employing technological means for voting purposes.

Note:
The Company is aware of CG Code's Step-Up Practices 4.3, 7.3, 9.3 and Practice 11.2 but has not adopted them during the financial year ended 31 December 2019. However, the Company is committed in reviewing them for future adoption.*
** large companies are encouraged to adopt an integrated reporting based on a globally recognised framework.*

OTHER COMPLIANCE INFORMATION

Utilisation of Proceeds

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

Audit and Non-Audit Fees

Details of the audit and non-audit fees for services rendered by the external auditors to the Group and Company for the financial year are disclosed in page 51 of the AC Report and Note 7 of the Financial Statements on page 120 of this Annual Report.

Material Contracts Involving Interests of Directors and Major Shareholders

There were no material contracts entered into by the Company and/or its subsidiaries involving the interests of the Directors and major shareholders during the financial year.

Recurrent Related Party Transactions Of A Revenue Or Trading Nature

At the 49th AGM held on 30 May 2019, the Company obtained a general mandate from its shareholders for recurrent related party transactions of a revenue or trading nature with related parties as specified in the Circular to Shareholders dated 29 April 2019.

Details of the recurrent related party transactions of a revenue or trading nature are disclosed on pages 158 to 159 of this Annual Report.

AUDIT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

Membership

As stipulated in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance ("CG Code"), at a minimum, the Audit Committee ("AC") shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors. Accordingly, the composition of the AC is as follows:

Chairman

Mr. Too Hing Yeap @ Too Heng Yip
(Senior Independent Non-Executive Director)

Members

Maj-Gen (R) Dato' Muhammad Bin Yunus
(Independent Non-Executive Director)

Mr. Tai Lam Shin
(Independent Non-Executive Director)

Encik Mahathir Bin Mohamed Ismail
(Independent Non-Executive Director)

Mr. Liew Foong Yuen
(Independent Non-Executive Director (appointed on 29 November 2019))

YM Tengku Yunus Kamaruddin
(Independent Non-Executive Director (resigned on 31 August 2019))

The biography of each member of the AC is set out in pages 9 to 18 under Directors' Profile.

Alternate directors shall not be appointed as a member of the AC.

The members of the AC shall elect a Chairman among their number who shall be an Independent Director and shall not be the Chairman of the Board.

The terms of office and performance for each of the committee members is reviewed annually by the Nominating Committee ("NC").

Meetings

The quorum for a meeting shall be two (2) members, and if only two (2) members are present, both must be Independent Directors. If the number of members present at the AC meeting is more than two (2), the majority must be Independent Directors.

In the absence of the Chairman of the AC, members present shall elect a Chairman for the meeting amongst the Independent Directors.

Other Board members, employees and/or representatives of the External and Internal Auditors may attend any of the meetings upon the invitation of the AC.

A committee member shall be deemed present if the person participates by *instantaneous telecommunication device and all other committee members participating in the meeting are able to hear and recognise each other's voice. For this purpose, participation constitutes prima facie proof of recognition. A committee member using instantaneous telecommunication device will be conclusively presumed to have been present and formed part of the quorum at all times during the committee meeting. Therefore, a committee member may not leave the meeting by disconnecting his instantaneous device unless he has previously obtained the express consent of the Chairman of the meeting.

** Instantaneous telecommunication device means any telecommunication conferencing device with or without visual capacity.*

AUDIT COMMITTEE REPORT (cont'd)

MEMBERSHIP AND MEETINGS (cont'd)

Meetings (cont'd)

The AC met on five (5) occasions in 2019 and the details of the attendance of each member at the AC meetings are as follows:

Members	No of Meetings Attended
Mr. Too Hing Yeap @ Too Heng Yip	5/5
Maj-Gen (R) Dato' Muhammad Bin Yunus	5/5
Mr. Tai Lam Shin	5/5
Encik Mahathir Bin Mohamed Ismail	5/5
Mr. Liew Foong Yuen *(appointed on 29 November 2019)*	Not applicable
YM Tengku Yunus Kamaruddin *(resigned on 31 August 2019)*	4/4

The Company Secretary is entrusted to record all proceedings and minutes of the AC meetings. Minutes, including those taken at AC meetings by instantaneous telecommunication device are kept, approved and circulated to all members of the AC and the Board. The AC Chairman shall report on key issues discussed at each meeting to the Board.

Charter

The AC's Charter including duties and authority are available for reference at http://my.keckseng.com.

ANNUAL PERFORMANCE REVIEW OF THE AC

An annual assessment and evaluation on the performance and effectiveness of the AC for the financial year ended 31 December 2019 was undertaken by the NC. The AC was assessed for overall effectiveness and quality, internal and external audit functions, financial reporting, compliance to legal and regulatory requirements and risk management.

The Board is satisfied that the AC has discharged its functions, duties and responsibilities appropriately and effectively and in accordance with its Charter.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

The summary of activities carried out by the AC during the financial year ended 31 December 2019 were as follows:

1. External Audit

- reviewed and endorsed the audit plan which outlines the audit strategy, scope and approach for the year, including discussing on areas of audit emphasis;
- assessed the external auditors' independence and effectiveness in performing the audit. During the 2019 audit plan review, the external auditors have confirmed their independence through the audit and remain in compliance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants' independence requirements;
- reviewed the audit report, audit results and management letters in respect of control weaknesses noted during the audit and determined whether Management's response to the findings are adequately addressed;
- reviewed with the external auditors, the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report;

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR (cont'd)

1. External Audit (cont'd)

- assessed the performance, competency and professionalism demonstrated by the external auditors and the quality of resources and services accorded during the year;

- reviewed the suitability and independence of the external auditors for recommendation to the Board for reappointment and audit fee proposal; and

- reviewed non-audit services rendered by the external auditors as part of its external auditors' independence assessment. The amount of audit and non-audit fee incurred for the financial year ended 31 December 2019 were as follows:

	Audit Fee RM'000	Non-Audit Fee RM'000
The Company		
- Current	120	30
- Underprovision in prior year	45	-
The Group		
- Current	*1,319	**123
- Underprovision in prior year	45	-

* *includes audit fees amounting to RM1,072,000 paid to other auditors of subsidiaries in Singapore, Canada, Hong Kong and United States of America.*

** *includes non-audit fees amounting to RM93,000 paid to other auditors of subsidiaries in Canada and United States of America.*

The non-audit services rendered are for tax compliance, tax audit and other compliance purposes.

During the financial year ended 31 December 2019, the AC met with the external auditors without the presence of Management, to review key issues within their sphere of coverage and responsibility. It is noted that there were no material exceptions highlighted and they have informed that the Management and staff had given them full cooperation during the course of audit.

2. Internal Audit

- reviewed and approved the proposed annual audit plan;

- reviewed the adequacy of the scope of audit, programmes and processes to ensure that principal risks, key entities and functions have been adequately identified and covered in the plan;

- assessed the internal auditors' independence, effectiveness and performance;

- reviewed the audit reports presented by the Internal Audit Department ("IAD") on their findings and recommendations and determine the adequacy of Management's responsiveness to the audit findings and recommendations;

- compared the audits conducted with the approved audit plan;

- reviewed the adequacy of the scope, functions, competency and resources of the internal audit function; and

- reviewed the findings on investigative case(s) and recommendations including management's responses and resolutions thereon.

AUDIT COMMITTEE REPORT (cont'd)

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR (cont'd)

2. Internal Audit (cont'd)

The AC is satisfied that the:

- review of the system of internal controls have been carried out impartially, proficiently and with due professional care and thus, is able to obtain the necessary assurance it requires on the effectiveness of the system of internal controls;
- internal auditors' independence has been maintained; and
- IAD had sufficient resources and is able to access information to undertake its duties effectively.

During the financial year ended 31 December 2019, the AC met the internal auditors without the presence of Management for discussion on audit related matters. It is noted that there were no major issues highlighted and they have informed that Management has been very co-operative during the course of audit.

3. Risk Management

- reviewed the Risk Assessment Analysis reports prepared by Risk and Sustainability Committees, assessed the adequacy and effectiveness of risk management activities of the Group to ensure that the Company's risk appetite is not exceeded and report to the Board on any significant risks identified.

4. Financial Reporting

- overseeing the Group's financial reporting and reviewed the quarterly unaudited financial results and announcements as well as the annual audited financial statements before recommending to the Board for approval, focusing on:
  - ➢ any changes or implementation of major accounting policies, issues or practices;
  - ➢ significant judgmental areas or estimates;
  - ➢ uncorrected misstatements;
  - ➢ key audit matters;
  - ➢ significant and unusual events; and
  - ➢ compliance with the MMLR and the applicable Financial Reporting Standards and other legal and regulatory requirements.
- reviewed the applicable amendments to the MMLR of Bursa Securities and the corporate governance principles and the extent of the Group's compliance with recommendations set out in the CG Code; and

AUDIT COMMITTEE REPORT (cont'd)

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR (cont'd)

5. Corporate Governance

- endorsed the following statements/reports:
  - ➢ Corporate Governance Overview Statement;
  - ➢ AC Report;
  - ➢ Statement on Risk Management and Internal Control;
  - ➢ Sustainability Statement; and
  - ➢ CG Report.

6. Related Party Transactions

- reviewed the Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") that may arise within the Group to ensure compliance with the Companies Act 2016 and MMLR; and
- reviewed the draft Circular to Shareholders in relation to the proposed Renewal of Shareholders' Mandate for RRPT of a Revenue and Trading Nature and recommended the Circular for Board's approval.

7. Other Matters

- reviewed and proposed to the Board for approval on the revision of AC Charter.

TRAINING

During the financial year, all the AC members (save for Mr. Liew Foong Yuen as he had not identified any training courses that were of particular benefit to him since his appointment on 29 November 2019) have attended various seminars, training programmes and briefings. Details of these are available on pages 38 to 40 of this Annual Report.

INTERNAL AUDIT FUNCTION

The AC is supported by an independent and adequately resourced in-house IAD. The AC is aware of the fact that an independent and adequately resourced IAD is essential in assisting to obtain the assurance it requires regarding the effectiveness of the system of internal control. The IAD provides independent and objective assurance and advisory services to add value and improve the operations and internal controls of the Group.

The IAD consist of five (5) associates and is headed by Ms. Suenitha Chupaya. The IAD associates consist of three (3) Qualified Professionals and two (2) Accounting & Finance Degree Holders.

The IAD is governed by its Internal Audit Charter, which has been approved by the Board. The IAD assists the Board in fulfilling its fiduciary responsibilities over areas of financial, operational and governance process. The IAD adopts a risk-based auditing approach when evaluating the adequacy and effectiveness of internal controls, reliability of information, effectiveness and efficiency of operations and compliance with laws and regulations for the respective operating business units.

INTERNAL AUDIT FUNCTION (cont'd)

The main functions of the IAD are to:

- undertake regular and systematic reviews of the effectiveness of the system of internal control. The review and assessment process must be carried out impartially, proficiently and with due professional care;
- assess and report on the Management's progress and effectiveness in addressing weaknesses in internal controls and update on the extent to which recommendations have been implemented within the required time-frame to ensure that all potential weaknesses under review are mitigated or are within acceptable levels; and
- investigate and report on malpractices (if any).

INTERNAL AUDIT WORK CARRIED OUT FOR THE YEAR

During the financial year ended 31 December 2019, work carried out by the IAD covered:

- operational and financial reviews based on the approved annual audit plan;
- facilitating improved business processes;
- follow-up audits to address issues reported in the previous audits; and
- special reviews and investigations based on request by the AC, Management and/or channeled via the Whistleblowing System.

All audit works for the internal audit function during the year were conducted in-house.

The following segments were audited during the financial year and twenty-five (25) internal audit reports were presented to the AC incorporating findings, recommendations to improve on the weaknesses noted and Management's comments on the findings:

Segment	No. Of Reports
Manufacturing	6
Hotels and Resort	6
Property Development and Investment	7
Plantations	2
Share Investment	4
Total	**25**

The IAD met up with the external auditors without the presence of the Board or Management on 23 September 2019, to discuss on its audit coverage during the year, issues that arose during the course of their audit, their resolutions and any other areas of audit concern. This meeting was held to ensure that the audit coverage is efficient and effective for both the internal and external auditors and to exchange information.

During the financial year ended 31 December 2019, the internal audit function incurred a total cost of RM685,000 (RM679,000 in 2018). This cost includes depreciation and all other operational cost for the IAD.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control is made in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S COMMITMENT

The Board is committed to continuous improvement of the Group's risk management and internal control practices. The Board affirms that it has overall responsibility for maintaining a sound system of risk management and internal control to ensure:

- the operations are effective and efficient;
- there is adequate financial transparency and the financial information is reliable;
- compliance with laws and regulations; and
- safeguarding of shareholders' investment, stakeholders' interests and the assets of the Group.

The Board sets the tone and fosters the culture towards managing key risks. It believes that internal control is an ongoing process, to be effected by employees at every level.

The Board is aware that the environment in which the Group operates is continuously evolving, and as a result, the risks that the Group faces are also changing. Thus, the Board continually articulates, implements and reviews the adequacy and effectiveness of the Group's system of risk management and internal control. The Board also recognises that a sound system of risk management and internal control manages, but cannot eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss due to fraud, error, illegal acts and the occurrence of unforeseeable circumstances.

ROLES AND REPSONSIBILTIES

Board of Directors

The Board's responsibilities for the governance of risk and controls include:

- ensuring that there is a risk management system involving constant review to identify, analyse, evaluate and monitor risks, as well as to develop mitigating measures within defined risk parameters to address these risks;
- promoting and facilitating risk and control processes as continuous processes that are embedded into relevant levels and functions of each business unit in the Group;
- reviewing the processes to assess whether they provide reasonable assurance that risks are managed within tolerable risk levels, enabling the Group to not only minimise losses but maximise opportunities; and
- safeguarding shareholders' investments, other stakeholders' interests and Group assets.

Board Committee

The Audit Committee ("AC") is established to assist the Board in fulfilling its statutory and fiduciary responsibilities in the governance of financial processes, accounting and financial reporting, systems of risk management and internal controls and compliance with applicable laws and regulations. The AC is governed clearly by its Charter which deals with its duties and authority. The AC is entrusted by the Board to ensure that the Group's risks are identified and evaluated, and internal controls are adequate and effective to address these risks.

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

Internal Audit Department

The Internal Audit Department ("IAD") is an integral part of the Group's internal control system and reports directly to the AC. The IAD is governed by its Internal Audit Charter and performs audit on various operating business units based on its approved annual audit plan. The IAD's primary role is to provide an independent, reasonable and objective assurance in addition to providing consultative services to add value and improve the efficiency of the business units' operations. The IAD conducts checks and assessments on the adequacy and effectiveness of the system of internal control, compliance to policies and procedures and assesses the integrity of financial information. The activities of the IAD are carried out based on the approved annual audit plan and are risk-based.

Risk and Sustainability Committees

Risk and Sustainability Committees ("RSC") were established for key business units to assist the Managing Director in performing regular risk management and sustainability assessments. The key roles of the RSC are:

- identifying, evaluating, monitoring and managing key risks and sustainability matters;
- recommending risk mitigating measures, if required;
- updating existing risks and sustainability matters to reflect changes in ratings, status and action plans;
- reviewing and updating policies, procedures and guidelines, where necessary; and
- ensuring policies, laws and regulations are complied with.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The key processes of risk management and internal control are described below:

- a clearly defined delegation of responsibilities and authorities within the Group's operations;
- regular review of documented policies and procedures on monitoring and regulating financial and operating activities;
- the Code of Conduct Policy clearly sets out the expected behaviour of Directors and employees, whilst the Whistleblowing Policy provides support to individuals to raise genuine concerns without fear and retaliation;
- information is provided to the Board on a regular basis, covering financial performance and key business indicators;
- monthly monitoring of financial performance by the Management;
- regular visits to operating business units by the Managing Director and Senior Management;
- regular management and operational meetings;
- annual insurance review to ensure adequate coverage against losses; and
- maintaining an experienced human capital function to oversee the Group's human capital related matters.

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

RISK MANAGEMENT FRAMEWORK AND REVIEWS

The RSC develop, execute and maintain the risk management framework which has been formulated based on the understanding of the Group's culture, needs, size and business diversity to ensure that the Group's objectives are achieved within the set risk limits. The RSC identify significant risks, assess the risks' likelihood and consequences, and recommend mitigating measures for implementation. The identified risks, together with the risk mitigating measures are reported to the AC and the Board based on the annually approved assessment schedule.

During the financial year ended 31 December 2019, nine (9) risk assessment analysis ("RAA") reports have been tabled before the AC and the Board for deliberation. The RAA reports have been communicated to respective risk owners in the business units for implementation.

No new risks areas were identified for 2019. The Group has identified and evaluated the following risk areas:

- Strategic – risks that affect business directions (market shifts, consumer trends, competitors);
- Operational – risks that affect the business operations i.e. delivery of products and services (safety & health, environmental, manpower, supply sources);
- Compliance – risks that affect legal, statutory and governance (certifications and accreditations);
- Information Technology – risks that affect data and information system security; and
- Financial – risks that affect financial processes and reporting (credit, liquidity, interest rates and foreign currency exchange rates).

The AC considers the current risk assessment process to be adequate in identifying, assessing, addressing and monitoring the risks of the Group.

BOARD ASSESSMENT AND CONCLUSION

The Board is of the view that the Group's system of risk management and internal control is operating adequately and effectively in all material aspects. This belief is further strengthened from the assurance received from the Managing Director, the respective operating business units' General Manager and Head of Accounts/Finance concurring that the Group and respective business units' system of risk management and internal control is operating adequately and effectively. The Head of the IAD has also provided assurance to the Board that the Group's system of internal control is adequate.

The Board thus confirms that the risk management process in identifying, analysing, evaluating and managing the significant risks faced by the Group has been in place up to the date of this Statement.

The Board is also of the view that the Group's system of internal control is robust and able to provide a reasonable but not absolute assurance against any material misstatements, financial losses, contingencies, uncertainties, defalcations or fraud that would warrant disclosure in the 2019 Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors, Ernst & Young PLT have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants. AAPG 3 does not require the auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control of the Group.

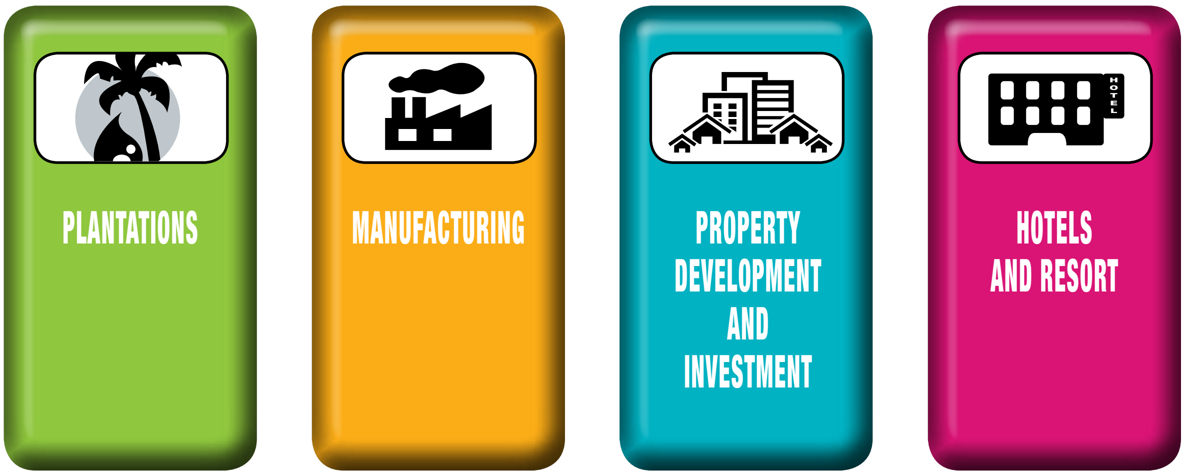
This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 22 May 2020.

SUSTAINABILITY STATEMENT

The Board acknowledges that no one organisation is the same, therefore sustainability governance cannot be applied universally. Factors such as Keck Seng (Malaysia) Berhad ("KSM") Group's culture, needs, size, business diversity and maturity in responding to sustainability matters, have been duly considered before the Board adopted its sustainability materiality scope and governance structure.

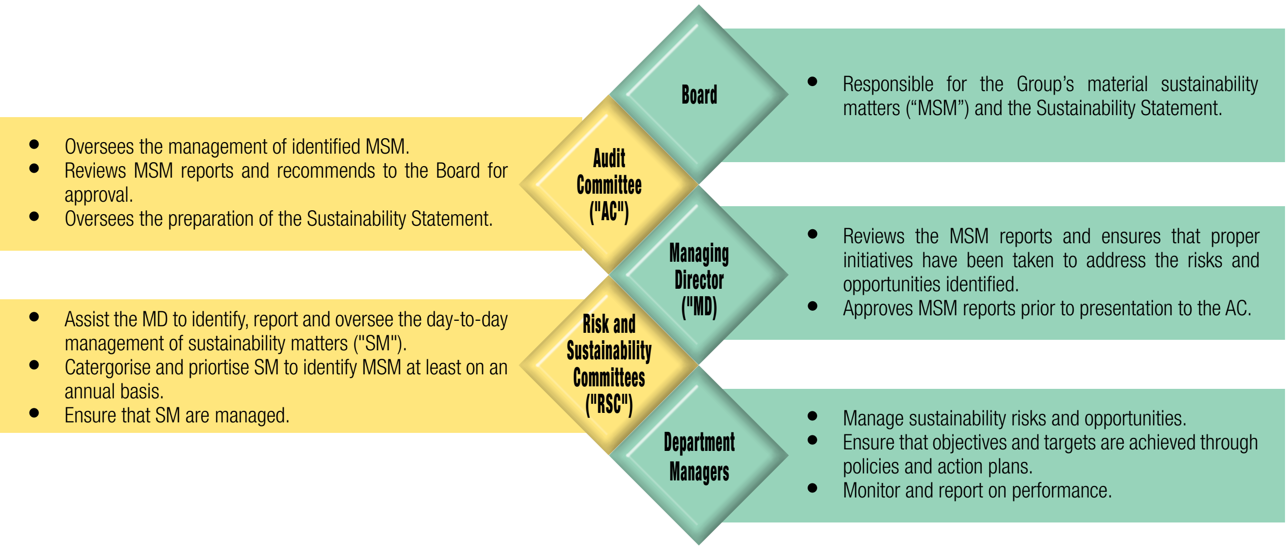
SCOPE

The Board has set its materiality scope to be based on organisational boundary, grouping its operating business units ("BU") into the following four (4) business segments that bring about the most economic, environmental and social impacts. These BU also account for approximately 99% of the Group's total external revenue (based on 2019 audited results):



The details of the respective operating BU and the Group's segmental information can be found on pages 172 to 174 of this Annual Report.

SUSTAINABILITY GOVERNANCE STRUCTURE



SUSTAINABILITY MATTERS

The Group takes a holistic approach in addressing economic, environmental and social (EES) risks and opportunities that arises from its operations.

Stakeholders' Engagements

In 2019, the respective RSC through engagements with their respective key stakeholders, namely the government/regulators, non-governmental organisations ("NGO"), customers, employees and local communities have identified SM that impact their respective operations.

Stakeholder Group	Mode of engagement	Frequency of engagement
Government / Regulators	Meetings Inspections Joint Surveys Seminars	Daily/Monthly/Quarterly/Annually Annually Ad-hoc Ad-hoc
Non-Governmental Organisations	Meetings	Ad-hoc
Customers	Meetings Tele-conversation Emails Social media Feedbacks	Daily/Ad-hoc
Employees	Meetings Conferences Social Impact Assessment Dialogue and direct engagement Annual Performance Appraisal Employee engagement survey	On-going On-going On-going On-going Annually Annually
Local Communities	Meetings Dialogue sessions Direct engagements Company Website	Annually Annually Ad-hoc Ad-hoc

SUSTAINABILITY STATEMENT (cont'd)

SUSTAINABILITY MATTERS (cont'd)

Stakeholders' Engagements (cont'd)

Following the identification of their SM, a materiality assessment process is conducted to further identify MSM.

In 2019, certain MSM have been re-assessed to have a medium impact by the respective operations but are still reflected in the disclosure below as they are still deemed important to our key stakeholders. Since there were no material changes to the Group's BU and business activities in 2019, hence, there are no major changes to the MSM identified from last year. The Group maintains its focus on:

ECONOMICS	ENVIRONMENTAL	SOCIAL
• Integrity and Ethics • Laws and regulations • Quality Products and Services	• Land Conservation • Pest Control Management • Biodiversity (New) • Waste,Effluent and Emission Management • Energy and Water	• Diversity • Employment Practices and Human Rights • Community Service and Projects

ECONOMIC

Integrity & Ethics and Laws & Regulations

We are committed in conducting our business in compliance with the respective local laws, acts, regulatory requirements and ethical standards. Failure to do so will threaten KSM Group's integrity and reputation. As regulations differ from country to country, to ensure compliance, we work closely with all relevant parties and agencies that we operate in. Our directors and employees are governed by our Code of Conduct ("COC"), which reinforces our value of integrity by providing guidance on moral and ethical behaviour in laws, policies, standards and procedures.

To promote transparency and accountability, we encourage feedback through our Whistleblowing Policy on any violation of our COC, concerns of wrongdoing, corruption and fraud.

On 27 February 2020, the Company adopted an Anti-Bribery and Anti-Corruption ("ABAC") Policy in line with the enforcement of the corporate liability provision in the Malaysian Anti-Corruption Commission Act 2009.

The COC, Whistleblowing and ABAC Policies are accessible via our Company's website.

Commitment to Quality

The Group is committed in delivering quality goods and services.

This is reflected in our sustainability and quality related assurance and certificates obtained by companies under our Plantations and Manufacturing segments which include Roundtable Sustainable Palm Oil (RSPO), Malaysian Palm Oil Board Code of Practice (MPOB COP), Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practice (GMP), ISO: 9001: 2015, Kosher and Halal certifications.

All our estates and palm oil mill are Malaysian Sustainable Palm Oil (MSPO) certified since 10 December 2018. We have also obtained the MSPO Supply Chain Certification Standards (MSPO-SCCS) certifications for KSM's Refinery, Ragamo Sdn Bhd and Supervitamins Sdn Bhd on 3 July 2019 and 30 July 2019 respectively.

As associates of Marriott and Hilton, our overseas hotels are managed and guided under their business standards accordingly.

ENVIRONMENTAL

Land Conservation

Plantations

Soil Protection

Keck Seng Oil Palm Estates is committed towards the protection of our plantations' slopes and the rivers that flow through them. The Plantations' sustainability efforts on soil protection includes:

- restricting estate land of certain terrain from new development or new planting;
- conserving existing crop and vegetation on flat or low gradient land. Enrichment planting of forest planting is recommended;
- maintaining soil condition, moisture and stability and avoid soil erosion; and
- carrying out soil erosion management plan and action plan, which includes identifying areas of erosion and its impact.

Peat Land Development

Even though all our plantations are on 100% mineral soil, we are committed to not plant on peat land, as the clearing of peat swamp forests will result in a loss of biodiversity and land subsidence. Fires may also occur when peat land areas are drained. Flooding and the contamination of surface and groundwater from the use of fertilisers and pesticides will also arise.

Buffer Zone

Maintaining buffer zone or riparian area, which is an interface between land and a river or stream. Riparian zones may be natural or engineered for soil stabilisation or restoration. These zones are important natural biofilters, protecting aquatic environments from excessive sedimentation, polluted surface runoff and erosion. Riparian zones are instrumental in water quality improvement for both surface runoff and water flowing into streams through subsurface or groundwater flow. Riparian zones can play a role in lowering nitrate contamination in surface runoff, such as manure and other fertilizers from agricultural fields, that would otherwise damage ecosystems and human health.

Efforts undertaken to maintain our buffer zones include:

- marking of palms and placing signages of warning to ensure awareness;
- no new planting or replanting are carried out;
- no spraying or fertilizer application is allowed;
- water management plan encompassing strict monitoring, water sampling and analysis; and
- educate workers on the importance of maintaining a buffer zone or riparian area.

High Conservation Value Areas

Identifying High Conservation Value ("HCV") areas surrounding Keck Seng's plantations is done through a 'HCV assessment' by a recognised accredited Consultant viz. Wild Asia. A HCV assessment exercise includes stakeholder consultations, analysis of existing information and the collection of additional information where necessary. The HCV assessment report had shown the presence or absence of HCV areas, HCV locations, status and condition, and as far as possible had provided information on areas of habitat, key resources, and critical areas that support such values.

Efforts to maintain and/or enhance the identified HCV areas may include maintaining a retention buffer zone at HCV area and boundary, putting up signages with warning attention, monitoring the area to ensure that there are no illegal activities and fencing up areas if found to be critical to cultural identity.

ENVIRONMENTAL (cont'd)

Biodiversity

Plantations

Several of our plantations are located near or borders forested areas with notably HCV and are rich in biodiversity. We are aware that if we neglect to preserve our HCV areas, critical habitats for endangered flora and fauna maybe lost through deforestations. We advocate that the habitat for endemic, rare, threatened and endangered species should be protected. A large part of our conservation efforts includes the allocation of HCV areas, maintaining buffer zones, prohibiting development of peat land, monitoring activities including joint inspections along the borders of forested areas and the prohibition of hunting in our plantations.

We are aware that due to the close proximity of certain of our plantations to surrounding mangrove forests, we are susceptible to frequent human-wildlife encounters. Any wildlife found in our plantations will be handed over to the Wildlife Department for relocation to a safer habitat.

Joint Patrolling with the Johor Forestry Department (18 June 2019)

Handing over a rescued Slow Loris to the Johor Wildlife Department

Pest Control Management

Plantations

Our oil palm plantations' pest control management involves the implementation of Integrated Pest Management ("IPM") strategies and strict chemical handling methods.

IPM ensures that the delicate equilibrium between the destructive insect pests and the natural biological agents is always maintained. This is achieved through the integrated combination of biological, cultural, physical, judicious and responsible use of chemical control measures.

Close monitoring is carried out to ensure that pest infestation in our oil palm plantations is under control and maintained below the economic damage threshold level. Usage of pesticide is considered as reasonable because the infestation area is normally not widespread and can be controlled within a short period.

ENVIRONMENTAL (cont'd)

Waste, Effluent and Emission Management

Plantations

The zero-burning policy adopted by our plantations helps to combat haze and global warming that may affect the environment and lifeforms. No burning activities are allowed during our replanting or land clearing activities.

Felled palms are chipped and exposed to direct sunlight. The decomposing palm chips adds nutrients to the soil and inhibits the spread of Ganoderma.

All other forms of open burnings are also prohibited within our plantations and premises, including at our workers' quarters.

Our plantations have also:

- adopted the Agronomist's Oil Palm Manuring Recommendation to reduce nitrogen emission from fertiliser application;
- legumes cover crops such as Mucuna bracteate to recycle nitrogen back into the soil; and
- performed timely maintenance on our tractors to reduce carbon emission from such vehicles.

Manufacturing

Keck Seng Palm Oil Processing Complex is an integrated complex located in close proximity to most of our plantations. The complex encompasses our palm oil mill, kernel crushing plant, palm oil refinery and vitamin extraction plant. In 1984, Keck Seng developed the KS™ Anaerobic Digester Tank Technology. The anaerobic digester tanks are used in the treatment of our Palm Oil Mill Effluent ("POME"), where methane gas produced are captured and used as green fuel for the Company's palm oil refinery, kernel crushing and vitamin extraction plants.

We continue to engage in improvement plans to ensure that water effluent discharge resulting from our palm oil processing and the amount of smoke produced by our broilers are managed and comply with the requirements of the relevant authority. Past and present efforts include investing and upgrading our effluent treatment system in 2018 and the installation of a new dust particulate arrestor system in 2020, which will cost an estimate of RM3.0 million.

Property Development

Our Property Division is committed to ensuring that it complies with the relevant environmental rules and regulations. Environmental Consultants have been engaged to conduct a study on the potential impact our property development projects may have on the environment and to recommend mitigating plans to minimise any negative impact identified. Based on the study conducted, an Environmental Management Plan (EMP) will be submitted to the Department of Environment ("DOE") for monitoring purposes. A certified professional in Erosion and Sediment Control has also been appointed to eliminate soil erosion issues within our work sites.

Close monitoring by our Property Division and DOE will ensure that the following are prevented or kept within the approved levels for our development projects:

- waste, effluent and emission.
- air, water and noise pollution.
- soil erosion.

ENVIRONMENTAL (cont'd)

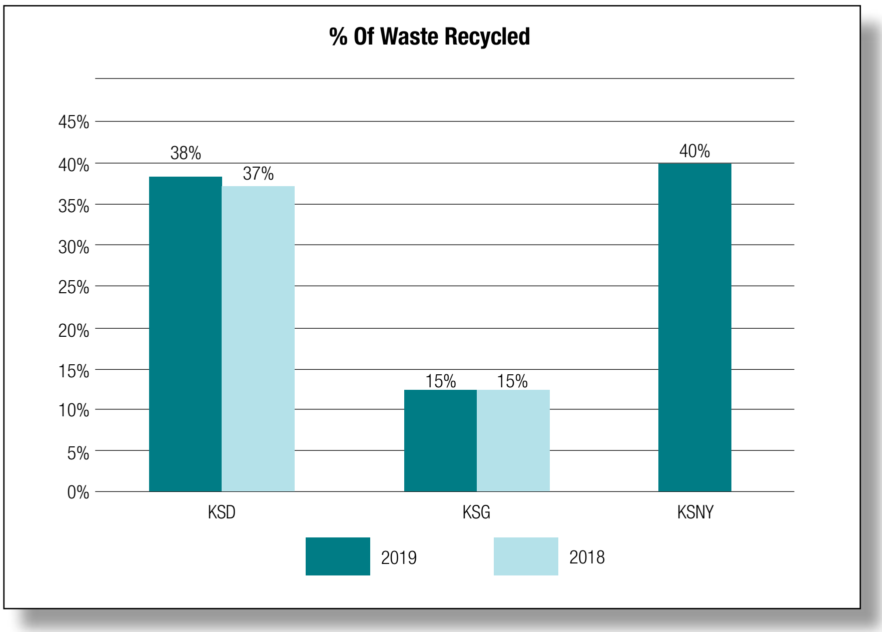
Waste, Effluent and Emission Management (cont'd)

Hotels and Resort

As waste management is an effective measure of resource stewardship, our hotels are actively engaged in reuse, recycling and reprocessing. By recycling, this lessens the overall waste removed on a daily basis. The hotels recycle as much as possible and their efforts may include one or more of the followings:

- Engaging reliable waste disposal vendors that provides bulk removal facilities;
- Elimination of plastic bags, replacing plastic straws with eco-friendly paper straws, utilising wooden stir sticks at coffee stations and providing eco-friendly cups at water stations;
- Where possible, extend the life of furniture through upholstery and using sofa arm caps;
- Monitor employee lunches and dinners to control overages;
- Made to order dinner meals for employees from the kitchen;
- Eliminate disposable containers used in employee lounge and replacing it with chinaware plating and silver utensils;
- Monitor food temperatures and rotate their stock to decrease the need to discard food;
- Food cooked should commensurate with the occupancy rates especially for breakfast;
- Ensure that produce ordered and delivered are fresh with adequate shelf life;
- Use environmentally friendly cleaning agents and chemicals;
- Use latex paint to eliminate the use of thinners; and
- Recycle used computer paper for office use.

The hotels' "waste diversion rate to recycling" is appended below:



Abbreviation:
KSD - KSD Enterprises Ltd.; Toronto, Canada.
KSG - KSG Enterprises Ltd.; Hawaii, USA.
KSNY - KSNY Enterprises Ltd; New York, USA.
Note: KSNY Enterprises Ltd. only started to monitor and track its "waste diverted to recycling" in 2019. Thus, no actual "waste diverted to recycling" data is available for the financial year ended 31 December 2018.

ENVIRONMENTAL (cont'd)

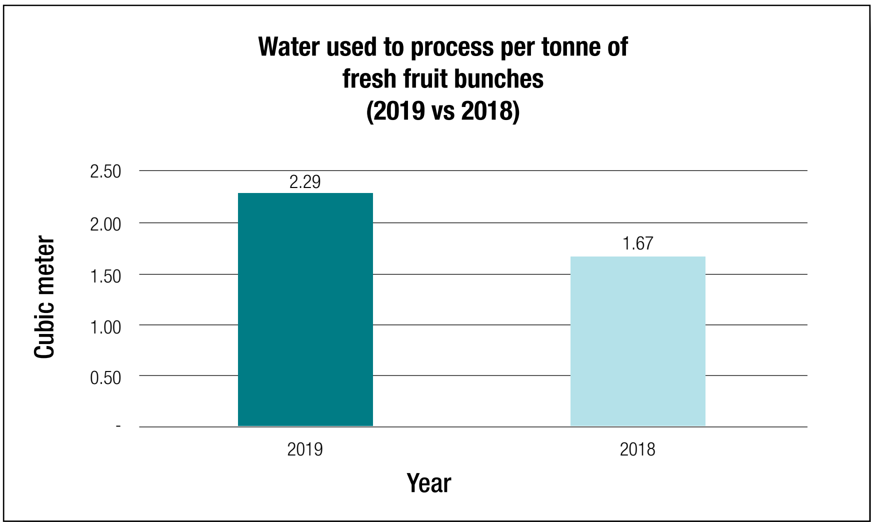
Energy and Water Management

Manufacturing

By using methane gas captured from our POME treatment process, our refinery is able to reduce its reliance on fossil fuel and the national power supply. Palm biomass which consist of mesocarp fibre, shells and empty fruit bunches are also used as a renewable energy source to generate steam and electricity for our Mill and Refinery. Our Mill is able to export about 60% of renewable energy to support our Refinery. This source of renewable energy allows us to save on a yearly basis more than 85% and 40% of fossil fuel and power cost respectively.

Water is an important resource as it is widely used in our palm oil processing complex. We are committed to consistently supply safe drinking water for our staff and workers' domestic usage and that the treated water meets our operational process requirements without compromising on the quality of our Refinery's end products.

During the financial year ended 31 December 2019, even though there were lesser fresh fruit bunches ("FFB") processed by POM, water was still needed to generate sufficient steam to supply to our Refinery and vitamin extraction plants. Therefore, the average water consumption to process one tonne of FFB has gone up from 1.67m^3 to 2.29m^3.



Hotels and Resort

Our hotels and resort strive to maintain efficient systems to minimise our energy consumption. We understand that conservation of energy, water and recycling of waste requires team effort and continuous education of all our employees. The respective hotels and resort have put in place one or more of the following into plan and practice to achieve their conservation targets:

- Employees are educated to monitor areas and locate the root cause of energy wastage or leakage;
- Provide remedial training to employees when necessary;
- Perform preventive maintenance checks and annual inspections to ensure all equipment are run at peak efficiency;
- Where necessary replace equipment with energy and water efficient replacements;
- Resetting of temperature for unoccupied rooms;
- Cold wash detergents are used and washers are set at a formula for conserving energy and water;
- Open patio door switches off the air-conditioning of the respective room;
- Switching off the power for vacant storage, unoccupied rooms or villa units;

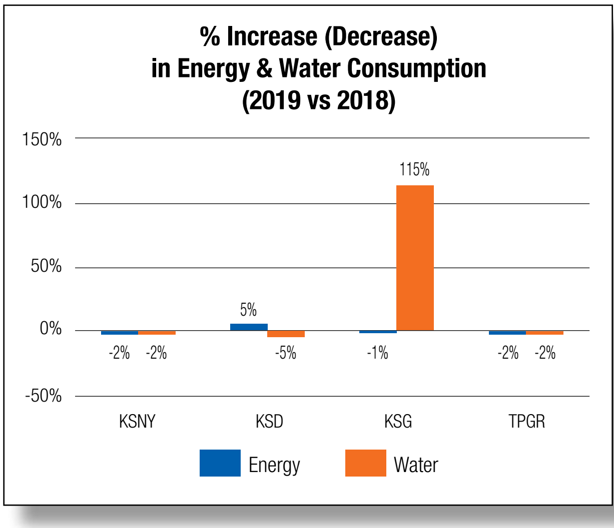
ENVIRONMENTAL (cont'd)

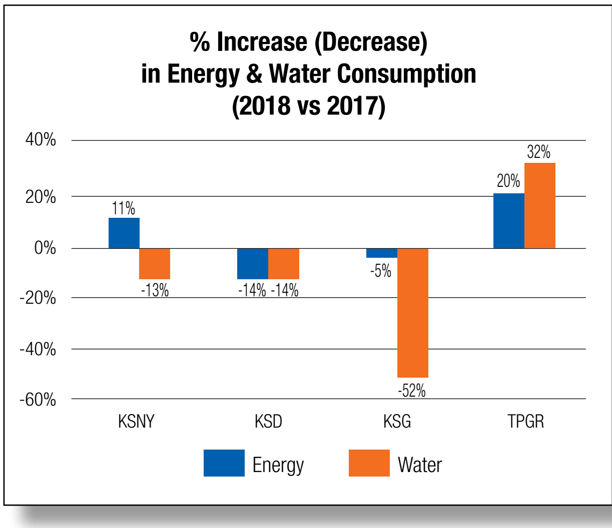
Energy and Water Management (cont'd)

Hotels and Resort (cont'd)

- Encourage staff to use the stairs when travelling between 1 or 2 floors;
- Inculcate in all employees the habit of switching off the lights, computers and kitchen equipment when not in use;
- Source locally made items, which means less fuel is used in transporting the item to our premises;
- Consolidate delivery or collection of goods to or from the property to reduce delivery trips made;
- Using water saver toilet flush valves, low flow shower heads and low flow aerators in the restrooms;
- Stop water running for long periods of time to defrost food or washing; and
- Plant draught resistant plants and use drip irrigation that are time controlled.

The hotels' and resort's energy and water consumption analysis are appended below:





Abbreviation:
KSNY - KSNY Enterprises Ltd.; New York, USA.
KSD - KSD Enterprises Ltd.; Toronto, Canada.
KSG - KSG Enterprises Ltd.; Hawaii, USA.
TPGR - Tanjong Puteri Golf Resort; Johor, Malaysia.

KSG's sustainability goals are benchmarked against the goals suggested by Hilton Sustainability Portal "Lightstay", whilst KSD and KSNY are enrolled in Marriott's Environmental Sustainability Hub ("MESH") program.

Through control measures taken, KSNY's energy consumption decreased by 2% in 2019 (11% increase in 2018). KSD's energy consumption increased by 5% in 2019 (14% savings in 2018) due to certain utilities inclusive rentals and more banquet events were held during the year. During the year, KSG had replaced its east wing chiller with a high efficiency magnetic bearing chiller which consumes 30% less energy. In 2020, it is planning to replace all its parking lights which is currently fitted with 400-watt mercury lamps to LED lights. It anticipates that there will be a 60% energy savings from this switch. The Hawaii hotel's energy consumption rate has shown a slight improvement in 2019, dropping by another 1% (5% savings in 2018).

Water consumption for the KSNY and KSD showed a further savings of 2% (13% savings in 2018) and 5% (14% savings in 2018) respectively. KSG's 2018 water meter readings were abnormally low as the meter was faulty and was only rectified in November 2018. Thus, KSG's water consumption in 2019 showed an increase of 115% from 2018.

Notwithstanding the increase in its occupancy rates, TPGR's conservation efforts in 2019 saw a drop in its energy and water consumption levels.

ENVIRONMENTAL (cont'd)

Energy and Water Management (cont'd)

Property Investment

The energy source used by our commercial property in Kuala Lumpur is purchased electricity. Efforts are made to reduce their energy consumption by ensuring that regular maintenance are carried out on its equipment. Reviews are made for non-efficient equipment to be replaced by newer models or mechanisms which enable energy savings.

We understand that water is a valuable resource in which we all must protect and that efficient water consumption is key to uninterrupted water supply. Thus, efforts to reduce water wastage in cleaning of common areas and faster response in repair works have been practiced.

Our commercial property's energy and water consumption for 2019 have increased in line with its occupancy rates.

SOCIAL

Our Employees

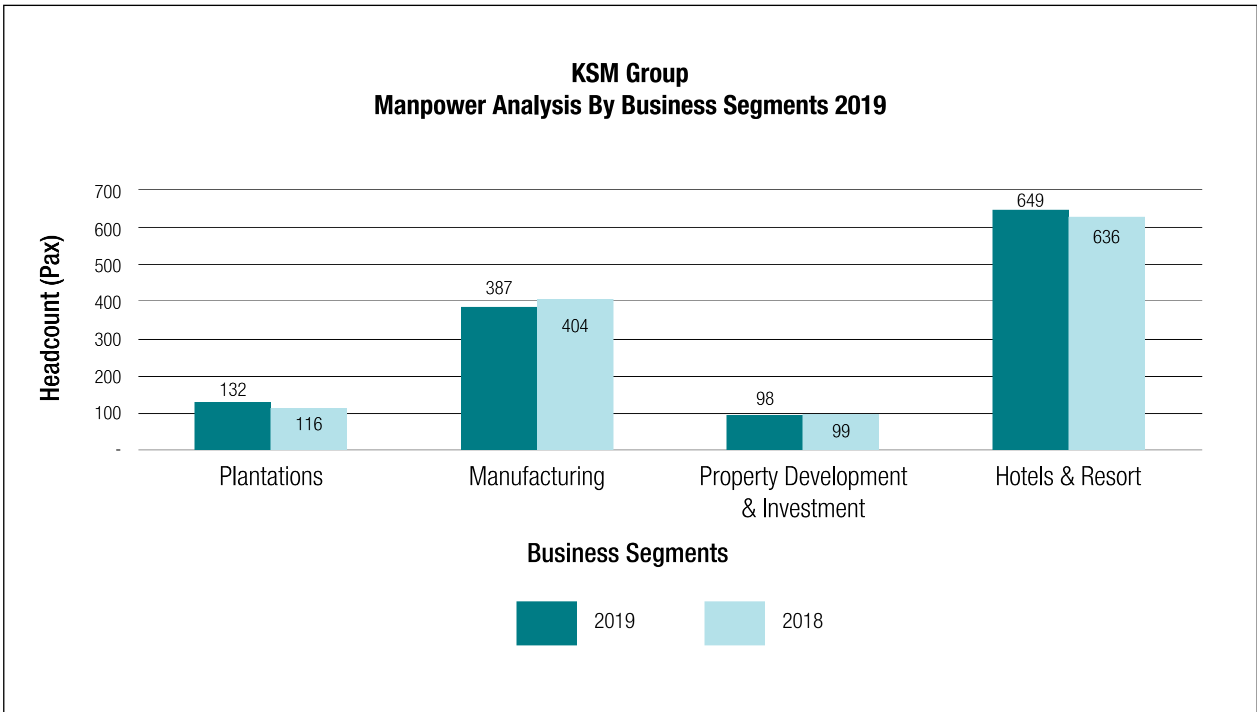
Diversity

Management believes that an organisation is as good as its people. Our employees form the backbone of our success. We are committed to diversity in our work place, striving to create a balanced and inclusive working environment, prioritising people development and promoting a well-balanced work life. As at 31 December 2019, we have a total of 1,266 (1,255 in 2018) employees and 112 (147 in 2018) contract workers engaged across our major business segments.

Presented below is an analysis of our manpower as at 31 December 2019 (excluding contract workers):-

Manpower Analysis

By Business Segments:

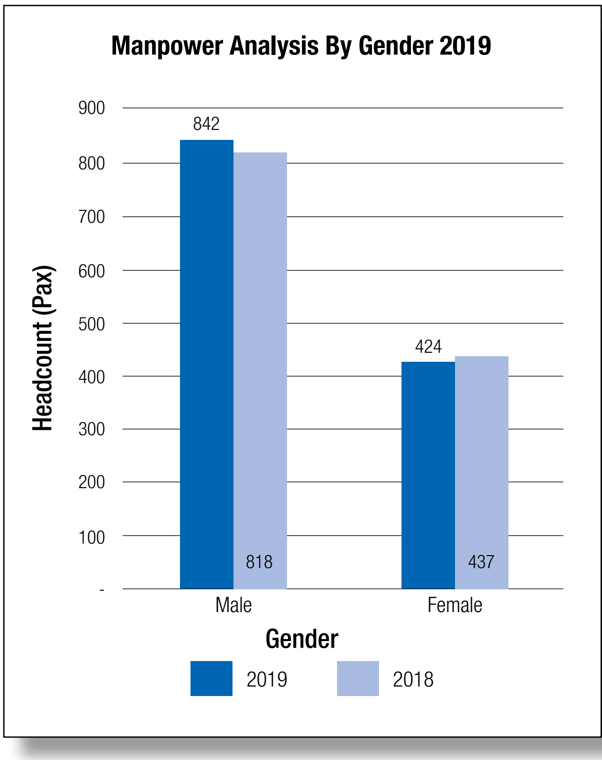


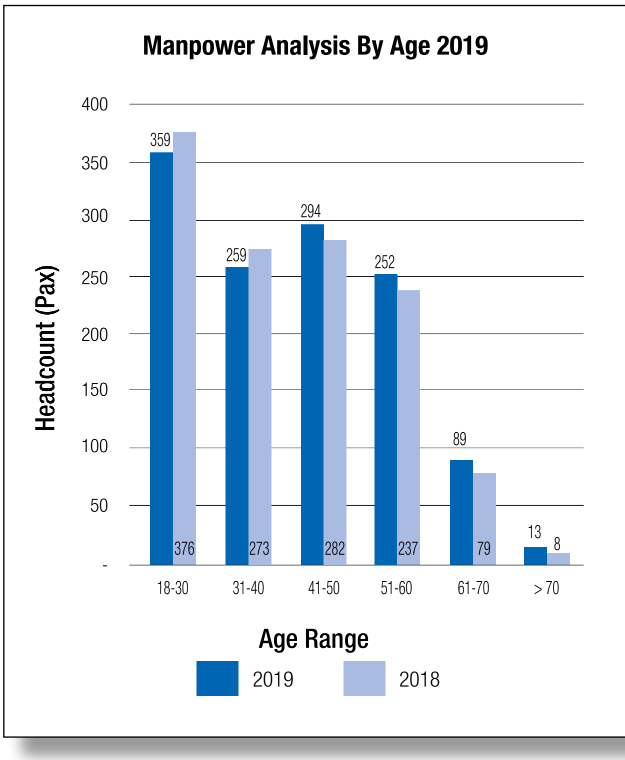
SUSTAINABILITY STATEMENT (cont'd)

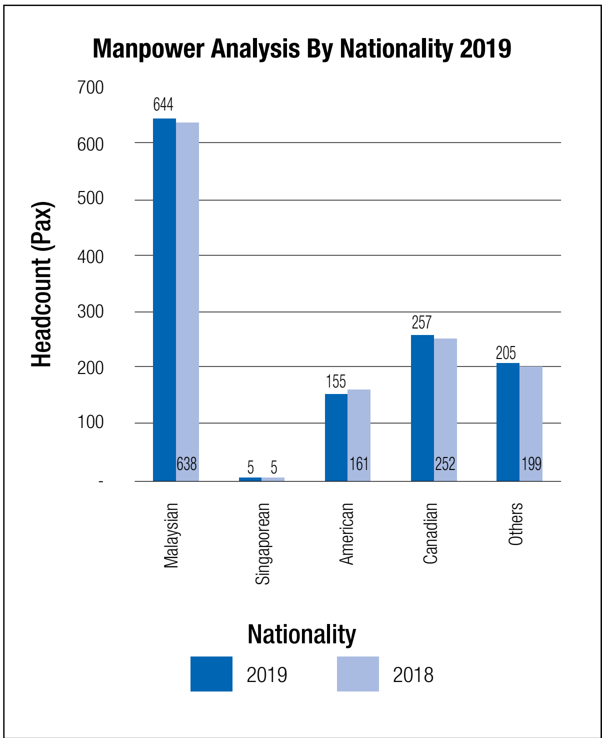
SOCIAL (cont'd)

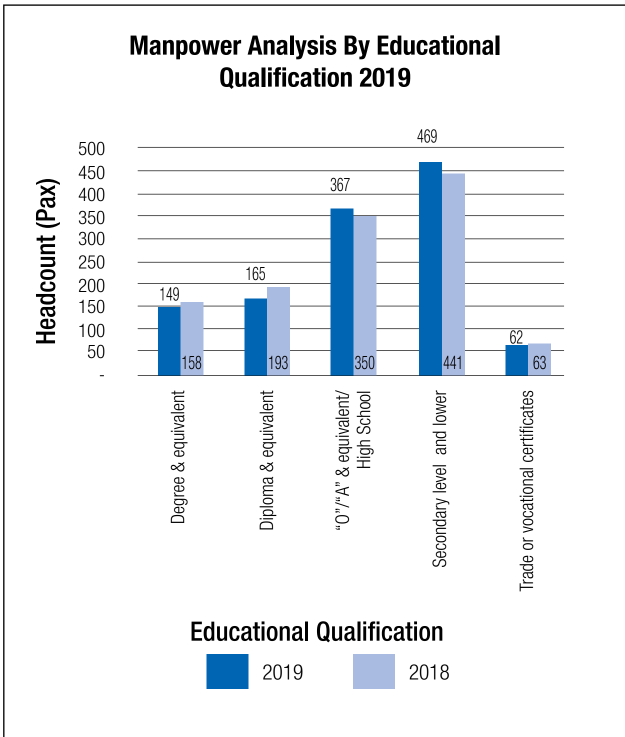
Manpower Analysis: (cont'd)

By Business Segments: (cont'd)









Note:
The educational qualification of our 54 (50 in 2018) New York employees is not included and disclosed in the manpower analysis by educational qualification due to certain privacy laws.

SOCIAL (cont'd)

Employment Practices and Human Rights

Keck Seng (Malaysia) Berhad recognises that people are the priority of development. Ensuring our people and other stakeholders' success in their careers, bringing about short and long-term benefits is one of the main elements in the Company's pledge to a sustainable future. Therefore, we are committed to cohering to our principles set below:

- To treat our people fairly in terms of recruitment, progression, terms & conditions of work and representation, irrespective of race, caste, national origin, gender, colour, disability, sexual orientation, union membership, political opinion, religion or age;
- To ensure that any disputation, grievance or complaints from our people or other stakeholders would be resolved fairly according to written procedures and policies;
- To prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights. This commitment shall not only apply in our workplace but also in society at large;
- To respect the right of all personnel to form and join trade unions of their choice and to bargain collectively;
- To never engage in forced or child (less than 16 years old) labour; and
- To ensure applicable labour laws, rules and regulations are complied with in the countries in which we operate.

Safety and Health

We are committed in improving the safety, health and environment of our employees and stakeholders based on the respective Safety and Health Laws and Regulations in place. Our Code of Conduct also guides us in improving the working environment, safety and health of our employees.

We strive to establish and maintain a work place environment that is safe and healthy. Any loss of life or injury could impact the families of those affected and also productivity. It is our responsibility to ensure that there are proper policies and procedures in place to minimise the risk of employee illness or injury at the workplace. All operational sites have safety committees or officers that regularly conduct audits, review and identify risks of illnesses and injury. On-going safety awareness programmes and training are carried out to ensure that security and safety procedures are adhered to. We also highly subsidise clinical treatments for our employees.

We are pleased to report that no work place fatalities occurred during 2019.

KSM Plantations Division - Briefing and training sessions on Health and Safety in 2019 (On-going)

Gotong-Royong at the Keck Seng and Lim & Lim Plantations' Quarters (20 October 2019)

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

Work-Life Balance

We strive to create and promote strong social bonds amongst the employees and their family members by organising social and sporting activities which includes festive celebrations, sports carnival, staff family day and sports & national day celebrations. In 2019, a few of our company's staff activities are as follows:

KSSRC's (*) Hari Raya Celebrations (21 June 2019)

KSSRC's Family Day (1 December 2019)

(*) KSSRC – Keck Seng Sports and Recreation Club.

Our Community

Safety and Health

Plantations

To safeguard our local communities' health, anti-malaria / dengue spraying and fogging are regularly conducted around our plantations.

Property Development

All our property development contracts have in place regulatory requirements that mandate contractors to engage competent safety officers that are registered with the Department of Occupational Safety and Health (DOSH) and the Construction Industry Development Board (CIDB). Our respective Project Management Teams work closely with the safety officers to ensure that proper safety-coordination meetings are held, adequate first aid boxes and safety green books are available on-site, site fogging and other health and safety matters are attended to regularly.

Safety Briefing (On-going)

Fogging at our Work Site (On-going)

No major accidents or incidents occurred in 2019 that had a negative impact on our current project development progress.

SOCIAL (cont'd)

Our Community (cont'd)

Community Service and Projects

We encourage our BU to develop their own community activities or participate in initiatives that will strengthen community growth and welfare. During the year ended 31 December 2019, the following corporate social responsibility activities were carried out by our respective BU:

Local BU

- donated school uniforms to 60 underprivileged students at Sekolah Kebangsaan Kong Kong Laut, Masai.

- festive contributions made to senior citizens and to underprivilege employees.

- supported the local community by contributing to school building funds, welfare funds, religious projects and events, cultural festivals, recreational and charitable organisations such as homes for the mentally & physically challenged, senior citizens, orphanages and shelters for single mothers and donating-in-kind during times of crisis.

Donation to School Building Fund (1 June 2019)

Chairman Charity Golf Tournament 2019 -Donation to the Home for the Handicapped and Senior Citizens (12 October 2019)

SOCIAL (cont'd)

Our Community (cont'd)

Community Service and Projects (cont'd)

Donating face masks, water, food and other essential items to the volunteers of the Kim Kim River Chemical Pollution Crisis (14 March 2019 & 16 March 2019)

- participated in events that aim to conserve or rehabilitate our natural environment and/or to foster healthy living.

Participated in a Joint Mangrove Rehabilitation Program under the Petronas Gas Behad and Malaysia Nature Society's Event (13 April 2019)

Participated in Johor Port's MTB Jamboree 2019 - Mountain Bike Cycling Event (7 September 2019)

SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (cont'd)

Our Community (cont'd)

Community Service and Projects (cont'd)

<u>Overseas BU</u>

- participated in social and charity drives conducted by civic and other organisations. These activities include donation of funds or items to the Aloha United Way, Salvation Army & Habilitat Hawaii, SickKids Hospital, Children's Miracle Network, adopting children and seniors for the holidays and fulfilling their Christmas wish, clean-up activities at the beach, donating in-kind during a charity walk event or other non-profit organisations' events, big bike event in conjunction with fund raising for the heart and stroke foundation.

Waikiki Beach Clean-Up
(20 July 2019)

Salvation Army School Supply Drive
(21 July 2019)

Big Bike Event – Fund Raising for the Heart & Stroke Foundation (16 August 2019)

CONCLUSION

Moving forward, the Group will continue to pursue and undertake more initiatives to broaden its role in managing economic, environmental and social risks and opportunities.

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the cultivation of oil palm, processing and marketing of refined palm oil products, property development, property investment and share investment.

The principal activities and other information of the subsidiaries are described in Note 19 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	91,641	60,221
Profit net of tax attributable to:		
Owners of the parent	88,317	60,221
Non-controlling interests	3,324	-
	91,641	60,221

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

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

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2018 were as follows:

	RM'000
In respect of the financial year ended 31 December 2018 as reported in the directors' report of that year:	
Single tier final ordinary dividend of 6 sen per share on 359,303,000 ordinary shares, declared on 30 May 2019 and paid on 18 July 2019	21,559
In respect of the financial year ended 31 December 2019:	
Single tier first interim ordinary dividend of 4 sen per share on 359,303,000 ordinary shares, declared on 29 August 2019 and paid on 14 November 2019	14,372
	35,931

The directors do not recommend the payment of final dividend for the current financial year.

DIRECTORS' REPORT (cont'd)

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Ho Kim Swee @ Ho Kian Guan**	
Dato' Ho Cheng Chong @ Ho Kian Hock**	
Maj-Gen (R) Dato' Muhammad bin Yunus	
Ho Eng Chong @ Ho Kian Cheong	
Lee Huee Nan @ Lee Hwee Leng**	
Tengku Yunus Kamaruddin	(resigned on 31 August 2019)
Too Hing Yeap @ Too Heng Yip	
Tai Lam Shin	
Chan Lui Ming Ivan**	
Mahathir Bin Mohamed Ismail	
Liew Foong Yuen	(appointed on 29 November 2019)
Ho Chung Kain (He ChongJing)**	(alternate to Dato' Ho Cheng Chong @ Ho Kian Hock)
Ho Chung Tao**	(alternate to Chan Lui Ming Ivan)
Ho Chung Hui**	(alternate to Lee Huee Nan @ Lee Hwee Leng)
Ho Chung Kiat, Sydney (He ChongJie, Sydney)	(alternate to Ho Eng Chong @ Ho Kian Cheong)

**These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Tan Ee Leng
Chua Teck Ngin
Kang Tai Peng
Chua Ngeun Seong
Chung Yet Yong
Dato' Dr. Abdul Rahim Bin Ramli
Tea Hing San
Gan Kim Buan
Tse See Fan Paul
Peter Wong
Evelyn Chow Yuet Chu
Cheah Siu Hoe
Lee Beng Ghee

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and the officers of the Group and of the Company are RM20,000,000 and RM25,000 respectively.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 39 to the financial statements.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS (cont'd)

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Salaries and other emoluments	7,083	5,570
Fees	911	811
Bonus	2,174	1,897
Defined contribution plan	770	676
Estimated money value of benefits-in-kind	31	28
	10,969	8,982

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

		Number of ordinary shares		
The Company	**1.1.2019**	**Acquired**	**Sold**	**31.12.2019**
Ho Kim Swee @ Ho Kian Guan				
- direct interest	24,395,538	-	-	24,395,538
- indirect interest	98,861,973	964,900	-	99,826,873
Dato' Ho Cheng Chong @ Ho Kian Hock				
- direct interest	24,898,087	-	-	24,898,087
- indirect interest	98,861,973	964,900	-	99,826,873
Ho Eng Chong @ Ho Kian Cheong				
- direct interest	24,662,436	-	-	24,662,436
- indirect interest	18,000,000	-	-	18,000,000
Lee Huee Nan @ Lee Hwee Leng				
- direct interest	88,593	-	-	88,593
Chan Lui Ming Ivan				
- direct interest	102,000	-	-	102,000
Ho Chung Kain (He ChongJing)				
- direct interest	262,800	207,700	-	470,500
Subsidiary				
- Lim & Lim Plantations Berhad				
Direct Interest				
Ho Kim Swee @ Ho Kian Guan	5,000	-	-	5,000
Dato' Ho Cheng Chong @ Ho Kian Hock	5,500	-	-	5,500
Lee Huee Nan @ Lee Hwee Leng	2,000	-	-	2,000

Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock and Ho Eng Chong @ Ho Kian Cheong by virtue of their interests in shares of the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other directors in office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127(6) of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2019, the Company held as treasury shares a total of 2,174,000 of its 361,477,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM7,054,000 and further relevant details are disclosed in Note 35(d) to the financial statements.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

(e) As at the date of this report, there does not exist :

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors :

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

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

SUBSEQUENT EVENT

Details of a subsequent event are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration for the Group and the Company is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT		
- current year	247	120
- underprovision in prior year	45	45
Other services	30	30
	322	195

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 May 2020.

Ho Kim Swee @ Ho Kian Guan

Dato' Ho Cheng Chong @ Ho Kian Hock

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Ho Kim Swee @ Ho Kian Guan and Dato' Ho Cheng Chong @ Ho Kian Hock, being two of the directors of Keck Seng (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 86 to 175 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 May 2020.

Ho Kim Swee @ Ho Kian Guan

Dato' Ho Cheng Chong @ Ho Kian Hock

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Reuson Seet, being the officer primarily responsible for the financial management of Keck Seng (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 86 to 175 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Reuson Seet at)
Johor Bahru in the State of Johor)
on 22 May 2020.)

Reuson Seet
(MIA 15467)

Before me,
Commissioner of Oaths
Lai Soon Chee
No. J 287

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KECK SENG (MALAYSIA) BERHAD (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Keck Seng (Malaysia) Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 86 to 175.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Impairment assessment of property, plant and equipment
(Refer to Notes 2.9, 2.13, 3.2(d) and 14 to the financial statements)

The Group is required to perform an impairment test of the cash generating units ("CGU") or groups of CGU when there is an indication that a CGU or groups of CGU may be impaired by comparing the carrying amount with its recoverable amount.

Certain subsidiaries of the Group which are involved in the operation of hotels continued to generate losses during the financial year, indicating that the carrying amount of the CGUs comprising the property, plant and equipment of these subsidiaries of RM321.753 million may be impaired. Management performed an assessment of the recoverable amounts of the property, plant and equipment of these CGUs and estimated the fair value less costs of disposal ("FVLCD") of these assets by using income approach. The component auditors have assessed the value in use and concluded the value in use is lower than FVLCD, therefore FVLCD is used as recoverable amount. The management also engaged independent valuer to determine the fair value of a subsidiary's hotel. The estimation of FVLCD is based on assumptions that are highly judgmental, in particular, the assumptions on capitalisation rate of the expected level of potential net income to be generated, discount rate, average daily room rates and occupancy rates. Management's assessment resulted in the recording of impairment losses amounting to RM45.401 million during the current financial year in respect of property, plant and equipment of one of the subsidiaries. Given the significance of the carrying amount, the magnitude of the impairment and the judgements and estimates involved in the assessment of the recoverable amounts, we have identified this to be a key matter for our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KECK SENG (MALAYSIA) BERHAD (Incorporated in Malaysia) (cont'd)

Key audit matters (cont'd)

Impairment assessment of property, plant and equipment (cont'd)
(Refer to Notes 2.9, 2.13, 3.2(d) and 14 to the financial statements)

How our audit addressed the matter

We involved the component auditors in our evaluation of the assessments of recoverable amounts of the property, plant and equipment of the CGUs. The component auditors involve their internal valuation expert in evaluating the valuation and key assumptions. To address these areas of audit focus, we considered the work of the component auditors, amongst others, in the following areas:

- Reviewed and obtained an understanding of the methodologies adopted by the management and independent valuer in estimating the FVLCD of the property, plant and equipment and assessed whether such methodology is consistent with those used in the industry.

- Assessed the competence, objectivity, independence and expertise of the independent valuer.

- Discussion with component auditors and their internal valuation expert.

- Evaluated the reasonableness of the key assumptions used by making comparisons to historical performance and market data, taking into consideration the current and expected outlook of economic growth.

We have also evaluated the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The disclosures on key assumptions are included in Note 14 to the financial statements.

Revenue and cost of sales from property development activities recognised based on percentage of completion method
(Refer to Notes 2.25(i)(d), 3.2(b), 4.1 and 5 to the financial statements)

A significant proportion of the Group’s and the Company’s profits are derived from property development contracts. In addition to that, significant judgement is required in determining the progress towards complete satisfaction of the performance obligation and this includes determining the extent of property development costs incurred and the total estimated costs of property development, which in turn is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group and the Company.

For the financial year ended 31 December 2019, property development revenue represents 16.2% and 22.4% of total revenue of the Group and the Company while its related cost of sales represents 13.3% and 16.3% of total cost of sales of the Group and the Company. The gross profits generated from property development activities represents 24.2% and 53.0% of total gross profits of the Group and the Company for the year. The Group and the Company use the percentage of completion method in accounting for these property development contracts.

The amount of revenue and profit recognised from property development activities are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive the percentage of completion; the actual number of units sold and the estimated total revenue for each of the respective projects. We identified revenue and cost of sales from property development activities as areas requiring audit focus as significant management judgement and estimates are involved in estimating the total property development costs (which is used to determine gross profit margin of the property development activities undertaken by the Group and the Company).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KECK SENG (MALAYSIA) BERHAD (Incorporated in Malaysia) (cont'd)

Key audit matters (cont'd)

Revenue and cost of sales from property development activities recognised based on percentage of completion method (cont'd)
(Refer to Notes 2.25(i)(d), 3.2(b), 4.1 and 5 to the financial statements)

How our audit addressed the matter

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

- obtained an understanding of the internal controls over the accuracy and timing of revenue recognised in the financial statements;
- Inspected the sales and purchase agreements signed with property purchasers to obtain an understanding of the specific terms and conditions. We also read the construction contracts including letters of award entered into with contractors;
- obtained an understanding of the process in deriving the percentage of completion by verifying work done to supporting evidence such as certified progress claims from contractors and assessed the reasonableness of project development estimated costs by verifying major costs to letter of awards issued to contractors;
- observed the progress of the property development phases by performing site visits. We have also discussed the status of on-going property development phases with management, finance personnel and project officials; and
- assessed the mathematical accuracy of revenue based on percentage of completion calculations.

Fair value of investment in unquoted instruments of A2I Holdings S.A R.L
(Refer to Notes 3.2(e), 20 and 40 to the financial statements)

The Group classifies its investment in unquoted instruments of A2I Holdings S.A R.L ("A2I") as financial assets at fair value through profit or loss. A2I is a special purpose vehicle that is set up for the investment in AccorInvest Group S.A. ("AIG"). In estimating the fair value of the investment, the Group used the adjusted net asset value method which takes into consideration key inputs such as fair values of the hotel properties of AIG and the discount rate applied for the lack of control and marketability. The investment in A2I comprises equity instrument and investment in Tracking Preferred Equity Certificates ("TPEC") of A2I which is considered as debt instrument. As at 31 December 2019, the carrying amount of the Group's investments in A2I amounted to approximately RM118.934 million and the Group has recorded a fair value gain of RM21.735 million during the current financial year in respect of the investment. We focused on the valuation of the investment in A2I because of the significance of the fair value changes and the judgements involved in the estimation of the fair value.

How our audit addressed the matter

With the involvement of the component auditors, our audit procedures to address this area of focus included amongst others the following procedures:

We obtained an understanding of the methodology adopted by management in estimating the fair values of the investment and assessed whether such methodology is consistent with those commonly used to value such instruments.

- We obtained an understanding of the methodology adopted by management in estimating the fair values of the investment and assessed whether such methodology is consistent with those commonly used to value such instruments.
- We obtained and checked the arithmetic accuracy of the computation of the adjusted net asset value.
- We verified the net assets value to the audited financial statements of AIG and A2I.
- We assessed the appropriateness of the key adjustments made in deriving the adjusted net asset value which comprises the gross assets value of the hotel assets of AIG by agreeing to the valuation reports issued by independent valuers.
- We evaluated the competence, capabilities, objectivity and independence of the valuers and assessed the appropriateness of the methodologies used and the key assumptions based on our knowledge of the hotel industry.
- We evaluated the discount rate applied to the adjusted net asset value is within reasonable range by tracing to the comparable recent transaction and also by benchmarking against available market data with the assistance of our internal specialist.

We have also evaluated the adequacy of the note disclosures concerning the determination of the fair value of the investment and the key unobservable inputs. The disclosures are included in Note 40 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KECK SENG (MALAYSIA) BERHAD (Incorporated in Malaysia) (cont'd)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KECK SENG (MALAYSIA) BERHAD (Incorporated in Malaysia) (cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KECK SENG (MALAYSIA) BERHAD (Incorporated in Malaysia) (cont'd)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 19 to the financial statements.

Other matters

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Lee Ming Li
02983/03/2022 J
Chartered Accountant

Johor Bahru, Malaysia
Date: 22 May 2020

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	4	**978,606**	967,277	**706,274**	708,843
Cost of sales	5	**(721,052)**	(764,211)	**(588,597)**	(640,459)
Gross profit		**257,554**	203,066	**117,677**	68,384
Other income	6	**50,291**	28,023	**27,991**	43,011
Distribution costs		**(21,531)**	(23,654)	**(9,272)**	(11,292)
Administrative expenses		**(108,710)**	(100,171)	**(55,643)**	(26,280)
Other expenses		**(67,573)**	(29,255)	**(4,802)**	(7,748)
Operating profit		**110,031**	78,009	**75,951**	66,075
Finance costs	10	**(8,265)**	(8,488)	**(859)**	(1,269)
Profit before tax	7	**101,766**	69,521	**75,092**	64,806
Income tax expense	11	**(10,125)**	(30,352)	**(14,871)**	(22,175)
Profit net of tax		**91,641**	39,169	**60,221**	42,631
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss in subsequent periods (net of tax)					
Foreign currency translation		**(1,853)**	13,198	**-**	-
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(1,853)**	13,198	**-**	-
Items that will not be reclassified subsequently to profit or loss in subsequent periods (net of tax)					
Net (loss)/gain on equity instruments designated at fair value through other comprehensive income		**(55,633)**	(154,641)	**14,942**	(24,902)

STATEMENTS OF COMPREHENSIVE INCOME (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		**(55,633)**	(154,641)	**14,942**	(24,902)
Other comprehensive (loss)/income for the year, net of tax		**(57,486)**	(141,443)	**14,942**	(24,902)
Total comprehensive income/(loss) for the year, net of tax		**34,155**	(102,274)	**75,163**	17,729
Profit net of tax attributable to:					
Owners of the parent		**88,317**	36,472	**60,221**	42,631
Non-controlling interests		**3,324**	2,697	**-**	-
		91,641	39,169	**60,221**	42,631
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**29,802**	(102,917)	**75,163**	17,729
Non-controlling interests		**4,353**	643	**-**	-
		34,155	(102,274)	**75,163**	17,729
Earnings per share attributable to owners of the parent (sen per share)					
Basic	12	**24.58**	10.15		
Diluted	12	**N/A**	N/A		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**582,343**	645,197	**35,467**	38,591
Investment properties	15	**152,882**	142,332	**54,965**	41,364
Land use rights	16	**-**	17,365	**-**	-
Right-of-use assets	17	**19,610**	-	**-**	-
Bearer plants	18	**15,541**	10,302	**7,490**	2,413
Investment in subsidiaries	19	**-**	-	**177,029**	175,014
Investment securities	20	**489,066**	545,581	**164,724**	162,737
Intangible assets	21	**104**	118	**7**	14
Inventories:					
- land held for property development	22(a)	**226,481**	233,867	**216,842**	224,228
Other receivables	25	**-**	-	**299,268**	310,281
Deferred tax assets	37	**14,928**	-	**14,928**	-
		1,500,955	1,594,762	**970,720**	954,642
Current assets					
Inventories:					
- property development costs	22(b)	**57,082**	40,749	**57,082**	40,749
- others	23	**113,611**	93,047	**96,716**	80,214
Biological assets	24	**609**	664	**25**	15
Trade and other receivables	25	**62,770**	62,903	**215,692**	220,720
Other current assets	26	**54,759**	41,410	**52,065**	38,637
Tax recoverable		**194**	5,562	**-**	3,816
Derivatives	27	**-**	45	**-**	45
Short term funds	28	**217,225**	222,213	**54,861**	76,378
Cash and bank balances	29	**788,723**	714,173	**493,631**	430,085
		1,294,973	1,180,766	**970,072**	890,659
TOTAL ASSETS		**2,795,928**	2,775,528	**1,940,792**	1,845,301

STATEMENTS OF FINANCIAL POSITION (cont'd)
AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	30	**235,563**	19,320	**36,586**	7,043
Trade and other payables	31	**140,747**	111,016	**161,134**	138,467
Other current liabilities	32	**537**	3,269	**223**	3,069
Lease liabilities	33	**707**	-	**-**	-
Tax payable		**5,214**	782	**4,428**	-
		382,768	134,387	**202,371**	148,579
Net current assets		**912,205**	1,046,379	**767,701**	742,080
Non-current liabilities					
Trade and other payables	31	**12,370**	6,740	**10,450**	4,856
Non-refundable deposits		**817**	920	**817**	920
Deferred tax liabilities	37	**8,221**	25,183	**-**	3,024
Loans and borrowings	30	**-**	212,770	**-**	-
		21,408	245,613	**11,267**	8,800
Total liabilities		**404,176**	380,000	**213,638**	157,379
Net assets		**2,391,752**	2,395,528	**1,727,154**	1,687,922
Equity attributable to owners of the parent					
Share capital	34	**372,005**	372,005	**372,005**	372,005
Other reserves	35	**168,720**	228,665	**98,780**	85,210
Retained earnings	36	**1,704,035**	1,643,438	**1,256,369**	1,230,707
		2,244,760	2,244,108	**1,727,154**	1,687,922
Non-controlling interests		**146,992**	151,420	**-**	-
Total equity		**2,391,752**	2,395,528	**1,727,154**	1,687,922
TOTAL EQUITY AND LIABILITIES		**2,795,928**	2,775,528	**1,940,792**	1,845,301

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		<— Attributable to owners of the parent					—>			
			<— Non-distributable			—>	Distributable			
	Note	Share capital (Note 34) RM'000	Treasury shares (Note 35) RM'000	Translation reserve (Note 35) RM'000	Fair value reserve (Note 35) RM'000	Premium on acquisition of non-controlling interests RM'000	Retained earnings (Note 36) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2019		372,005	(7,054)	102,886	133,466	(633)	1,643,438	2,244,108	151,420	2,395,528
Total comprehensive income		-	-	(2,882)	(55,633)	-	88,317	29,802	4,353	34,155
		372,005	(7,054)	100,004	77,833	(633)	1,731,755	2,273,910	155,773	2,429,683
Acquisition of non-controlling interests		-	-	-	-	-	6,781	6,781	(8,781)	(2,000)
Transfer of fair value reserve of equity instruments designated at fair value through other comprehensive income upon derecognition		-	-	-	(1,430)	-	1,430	-	-	-
Dividends	13	-	-	-	-	-	(35,931)	(35,931)	-	(35,931)
At 31 December 2019		372,005	(7,054)	100,004	76,403	(633)	1,704,035	2,244,760	146,992	2,391,752

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Attributable to owners of the parent: Non-distributable: Share capital (Note 34) RM'000	Treasury shares (Note 35) RM'000	Revaluation reserve (Note 35) RM'000	Translation reserve (Note 35) RM'000	Fair value reserve (Note 35) RM'000	Premium on acquisition of non-controlling interests RM'000	Distributable: Capital reserve (Note 35) RM'000	Retained earnings (Note 36) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2018 (as previously stated)		372,005	(7,013)	11,354	87,634	352,971	(510)	1,538	1,559,628	2,377,607	141,444	2,519,051
Effects from adoption of MFRSs - retrospective		-	-	(11,354)	-	-	-	(1,538)	16,245	3,353	12	3,365
		372,005	(7,013)	-	87,634	352,971	(510)	-	1,575,873	2,380,960	141,456	2,522,416
Effects from adoption of MFRS 9		-	-	-	-	(58,566)	-	-	60,725	2,159	3	2,162
At 1 January 2018 (as restated)		372,005	(7,013)	-	87,634	294,405	(510)	-	1,636,598	2,383,119	141,459	2,524,578
Total comprehensive income		-	-	-	15,252	(154,641)	-	-	36,472	(102,917)	643	(102,274)
		372,005	(7,013)	-	102,886	139,764	(510)	-	1,673,070	2,280,202	142,102	2,422,304
Shares buyback		-	(41)	-	-	-	-	-	-	(41)	-	(41)
Share capital contributed by non-controlling interest shareholders		-	-	-	-	-	-	-	-	-	9,697	9,697
Premium paid on acquisition of non-controlling interests		-	-	-	-	-	(123)	-	-	(123)	-	(123)
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	(379)	(379)
Transfer of fair value reserve of equity instruments designated at fair value through other comprehensive income upon derecognition		-	-	-	-	(6,298)	-	-	6,298	-	-	-
Dividends	13	-	-	-	-	-	-	-	(35,930)	(35,930)	-	(35,930)
At 31 December 2018		372,005	(7,054)	-	102,886	133,466	(633)	-	1,643,438	2,244,108	151,420	2,395,528

The *accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital (Note 34) RM'000	<– Non-distributable Treasury shares (Note 35) RM'000	–> Fair value reserve (Note 35) RM'000	Distributable Retained earnings (Note 36) RM'000	Total equity RM'000
At 1 January 2019		372,005	(7,054)	92,264	1,230,707	1,687,922
Total comprehensive loss		-	-	14,942	60,221	75,163
		372,005	(7,054)	107,206	1,290,928	1,763,085
Transfer of fair value reserve of equity instruments designated at fair value through other comprehensive income upon derecognition		-	-	(1,372)	1,372	-
Dividends	13	-	-	-	(35,931)	(35,931)
		-	-	(1,372)	(34,559)	(35,931)
At 31 December 2019		372,005	(7,054)	105,834	1,256,369	1,727,154
At 1 January 2018 (as previously stated)		372,005	(7,013)	120,749	1,223,500	1,709,241
Effects from adoption of MFRSs - retrospective		-	-	-	(2,780)	(2,780)
		372,005	(7,013)	120,749	1,220,720	1,706,461
Effects from adoption of MFRS 9		-	-	-	(297)	(297)
At 1 January 2018 (as stated)		372,005	(7,013)	120,749	1,220,423	1,706,164
Total comprehensive income		-	-	(24,902)	42,631	17,729
		372,005	(7,013)	95,847	1,263,054	1,723,893
Shares buyback		-	(41)	-	-	(41)
Transfer of fair value reserve of equity instruments designated at fair value through other comprehensive income upon derecognition		-	-	(3,583)	3,583	-
Dividends	13	-	-	-	(35,930)	(35,930)
		-	(41)	(3,583)	(32,347)	(35,971)
At 31 December 2018		372,005	(7,054)	92,264	1,230,707	1,687,922

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Cash flows from operating activities				
Profit before tax	**101,766**	69,521	**75,092**	64,806
Adjustments for:				
Loss/(Gain) on disposal of property, plant and equipment	**22**	(125)	**21**	(126)
Gain on compulsory acquisition of land	**(854)**	-	**-**	-
Loss on disposal of investment property	**18**	3	**-**	-
Depreciation of property, plant and equipment	**33,873**	33,066	**4,255**	4,528
Depreciation of investment properties	**4,658**	4,092	**716**	309
Depreciation of bearer plants	**518**	471	**16**	21
Impairment (write back)/loss on land held for development	**(454)**	63	**(454)**	63
Property, plant and equipment written off	**31**	290	**26**	282
Bearer plants written off	**31**	-	**31**	-
Bad debts written off/(recovered)	**22**	(58)	**-**	-
Interest expenses on notes payable and bank overdraft	**8,191**	8,488	**859**	1,269
Interest expense on lease liabilities	**74**	-	**-**	-
Impairment loss on trade receivables	**74**	124	**-**	-
Impairment loss on amount due from a subsidiary	**-**	-	**26,808**	-
Inventories written back	**(395)**	(278)	**(419)**	(277)
Inventories written off	**1**	-	**-**	-
Investment property written off	**1**	-	**-**	-
Dividend income	**(12,164)**	(11,206)	**(14,092)**	(17,039)
Unrealised foreign exchange loss/(gain)	**6,615**	(20)	**4,757**	(13,422)
Interest income	**(21,784)**	(20,706)	**(25,008)**	(22,779)
Net fair value loss on derivatives	**45**	160	**45**	160
Loss/(Gain) on fair value change in biological assets	**55**	(120)	**(10)**	162
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(23,787)**	4,012	**(159)**	(252)
Impairment loss on property, plant and equipment	**45,401**	-	**-**	-
Amortisation of intangible assets	**32**	129	**7**	105
Depreciation of right-of-use assets	**993**	-	**-**	-
Amortisation of land use rights	**-**	295	**-**	-
Operating profit before changes in working capital	**142,983**	88,201	**72,491**	17,810
Receivables	**(15,459)**	4,856	**(16,866)**	964
Inventories	**(20,097)**	38,446	**(16,028)**	36,438
Payables	**32,310**	4,763	**25,344**	3,565
Property development costs	**136**	(15,200)	**136**	(15,200)
Cash generated from operations	**139,873**	121,066	**65,077**	43,577
Interest paid	**(8,191)**	(8,488)	**(859)**	(1,026)
Income tax paid	**(31,124)**	(17,819)	**(24,405)**	(13,394)
Interest expense on lease liabilities paid	**(74)**	-	**-**	-
Net cash generated from operating activities	**100,484**	94,759	**39,813**	29,157

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	**(20,108)**	(28,833)	**(2,492)**	(4,971)
Purchase of intangible assets	**(18)**	(7)	**-**	-
Purchase of investment properties	**(9,014)**	(17,413)	**(8,109)**	(16,929)
Proceeds from disposal of investment securities	**13,655**	11,751	**13,561**	8,365
Proceeds from disposal of property, plant and equipment	**73**	143	**73**	142
Proceeds from disposal of investment properties	**7**	-	**-**	-
Purchase of investment securities	**(1,424)**	(116,356)	**(606)**	(5,332)
Payment for bearer plants	**(5,788)**	(2,582)	**(5,124)**	(1,961)
Payment for addition to right-of-use assets	**(1,876)**	-	**-**	-
Dividends received	**11,674**	10,965	**13,918**	16,797
Increase in land held for property development	**(13,651)**	(7,170)	**(13,651)**	(7,170)
Interest received	**21,865**	20,706	**25,008**	22,779
Acquisition of shares in subsidiary	**-**	-	**-**	(9,697)
Proceeds from compulsory acquisition of land	**865**	-	**-**	-
Capital repayment from unquoted investment	**6,006**	2,418	**-**	-
Advance to subsidiaries	**-**	-	**(10,263)**	(33,957)
Withdrawal/(Placement) of fund in money market	**7,040**	(33,025)	**21,676**	(25,143)
(Placement)/Withdrawal of deposits with maturity more than three months	**(9,829)**	141,583	**(2,681)**	141,676
Net cash (used in)/generated from investing activities	**(523)**	(17,820)	**31,310**	84,599
Cash flows from financing activities				
Treasury shares purchased	**-**	(41)	**-**	(41)
Acquisition of non-controlling interests	**(2,000)**	(503)	**(2,015)**	(503)
Dividends paid	**(35,931)**	(35,930)	**(35,931)**	(35,930)
Repayment of lease liabilities	**(655)**	-	**-**	-
Repayment of loans and borrowings	**(24,337)**	(11,941)	**-**	-
Net cash used in financing activities	**(62,923)**	(48,415)	**(37,946)**	(36,474)
Net increase in cash and cash equivalents	**37,038**	28,524	**33,177**	77,282
Effects of exchange rate changes on cash and cash equivalents	**(2,237)**	15,931	**(2,206)**	16,227
Cash and cash equivalents at 1 January	**565,542**	521,087	**286,775**	193,266
Cash and cash equivalents at 31 December (Note 29)	**600,343**	565,542	**317,746**	286,775

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor.

The principal activities of the Company consist of the cultivation of oil palm, processing and marketing of refined palm oil products, property development, property investment and share investment. The principal activities and other information of the subsidiaries are described in Note 19.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company. All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2019, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2019.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

The adoption of the above new standards, IC Interpretation and amendments did not have any significant impact on the financial statements other than the below.

MFRS 16

MFRS 16 supersedes MFRS 117 Leases. The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 at the date of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

MFRS 16 (cont'd)

The following table presents the impact of changes to the statement of financial position of the Group resulting from the adoption of MFRS 16 Leases as at 1 January 2019:

Group	As at 1 January 2019 RM'000	Changes RM'000	As at 1 January 2019 (Adjusted) RM'000
Non-current assets			
Land use rights	17,365	(17,365)	-
Right-of-use assets	-	18,689	18,689
	17,365	1,324	18,689
Non-current liabilities			
Lease liabilities	-	685	685
Current liabilities			
Lease liabilities	-	639	639
Total lease liabilities	-	1,324	1,324

Note:

Before the adoption of MFRS 16, the Group classified its lease as lessee at the inception date as a finance lease or operating lease. The Group has lease contracts for leasehold land with 99 years of lease term and lease a land for the purpose of car park. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to Group; otherwise it was classified as an operating lease. Finance lease were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

<u>Leases previously classified as finance leases</u>

The Group did not change the initial carrying amounts of recognised assets at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets equal the lease assets recognised under MFRS 117). The requirements of MFRS 16 was applied to these lease from 1 January 2019.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating lease, except for short-term leases and leases of low-value assets. The right-of-use assets for leases were recognised based on the amount equal to lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

MFRS 16 (cont'd)

Leases previously classified as operating leases

Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at the amount equal to the lease liabilities on date of transition.The lease liabilities arising from the rental of land are recognised and discounted using the incremental borrowing rate of 6.95%. Subsequent to initial recognition, the Group measures the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

2.3 Standards issued but not yet effective

The Standards and Amendments that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these Standards and Amendments, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and 108: Definition of Material	1 January 2020
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors are of opinion that the Standards and Amendments above would not have any material impact on the financial statements in the year of initial adoption.

2.4 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on current/non- current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re- assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved in valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. Dividend income is recognised when the Company's right to receive payment is established. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in statement of comprehensive income.

2.7 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are initially translated to the respective functional currencies of the Company and its subsidiaries at the exchange rates at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at reporting date are translated at the rate of exchange ruling at that date and the exchange differences arising from the translation are recognised in profit or loss. Exchange differences arising on the settlement of monetary items are also recognised in profit or loss except for exchange differences arising on items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items denominated in foreign currencies recorded at historical cost or fair value could be remeasured. The remeasurement may result in gains and losses and translation differences. The treatment to be accorded to the translation differences shall be in line with whether the gains or losses arising from remeasurement are recognised in profit or loss or in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at an average exchange rate for the year, unless the daily exchange rates during the year fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Government grant received by a subsidiary for the purchase of the necessary plant and equipment are credited to the related capital expenditure and are amortised to profit or loss over the useful life of the assets.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under retained earnings, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the retained earnings.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold estates have unlimited useful life and therefore is not depreciated. Work-in-progress are also not depreciated as these assets are not yet available for use. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Golf course	over 86 to 90 years
Building and structures	2 - 10%
Plant and machinery	5 - 20%
Vehicles, furniture and equipment	5 - 33%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other investment property is provided for on a straight-line basis to write-off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building	2 - 10%

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.11 Patents

Patents and intellectual property are recognised as intangible assets if it is probable that the future economic benefits that are attributable to such assets will flow to the enterprise and the costs of such assets can be measured reliably.

Patents and intellectual property are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statements of comprehensive income based on a straight line basis over a period of fifteen (15) years from the date of successful registration.

2.12 Land use rights

Land use rights are initially measured at cost. Following the initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms of 99 years.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date or when an impairment assessment for an asset is required whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiary is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.15 Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associate are accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associate are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. The Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group and the Company do not have any financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).

- ***Financial assets at amortised cost (debt instruments)***

  This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

  - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;

  and

  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

  The Group's and the Company's financial assets at amortised cost consist mainly of trade and other receivables and cash and bank balances.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments - initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

- ***Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)***

Upon initial recognition, the Group and the Company may elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as revenue in the statements of comprehensive income when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its listed and certain unquoted equity investments under this category.

- ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

This category comprises of the Group's and the Company's derivative instruments and fund placements with licensed financial institutions. The Group and the Company use derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A subsidiary of the Group, Brosna Ltd, invest in A2I Holdings S.A.R.L (''A2I''). The investment in shares in A2I is considered as equity instrument and investment in Tracking Preferred Equity Certificates ("TPEC") of A2I is considered as debt instrument. Both investments are subsequently measured at fair value through profit or loss.

Dividends are recognised as revenue in the statements of comprehensive income when the right of payment has been established. Interests are recognised as finance income in the statements of comprehensive income when the right of payment has been established.

Short term funds are investments in income trust funds carried in the statements of financial position at fair value with net changes in fair value recognised in the statement of profit or loss

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments - initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;

- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When rights to receive cash flows from an asset have been transferred or a pass-through arrangement has been entered, the Group and the Company evaluate to what extent the risks and rewards of ownership are retained by the Group and the Company.

When all the risks and rewards of the assets have not been transferred or not retained substantially or when the control of the asset has not been transferred, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company consider a financial asset in default when contractual payments are 180 days - 365 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments - initial recognition and subsequent measurement (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities consist mainly of loans and borrowings, as well as trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- ***Financial liabilities at fair value through profit or loss***

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

  Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

- ***Loans and borrowings***

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

  This category generally applies to the Group's and the Company's loans and borrowings, as well as trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments - initial recognition and subsequent measurement (cont'd)

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(d) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, currency swaps and currency options, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short- term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired. These also include bank overdrafts that form an integral part of the Group's and the Company's cash management.

2.18 Inventories

(i) Inventory properties

Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is held as inventory and is measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sales.

Land held for property development is transferred to property development costs under current assets when the development activities have commenced and are expected to be completed within the normal operating cycle.

Property development costs

Inventory properties under construction are referred to as property development costs. Property development costs are stated at the lower of costs and net realisable value. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statements of financial position as property development costs. The property development cost is subsequently recognised as an expense in profit or loss as and when the control is transferred to the customer.

Property development cost of unsold unit is transferred to completed properties once the development activity is completed.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Inventories (cont'd)

(ii) Inventory - others

Inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value.

Cost of refined oil products, crude palm oil and palm kernel includes raw materials, direct labour and appropriate proportions of manufacturing overheads based on normal operating capacity. The cost of unsold completed properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs. Cost of spare parts, chemicals, food, beverage and utensils comprise cost of purchase.

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

2.19 Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company have transferred goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. In the case of property development, contract asset is the excess of cumulative revenue earned over the billings to date. A contract asset is stated at cost less accumulated impairment. Contract assets are subject to impairment in accordance of MFRS 9 Financial Instruments.

A contract liability is the obligation to transfer goods and services to a customer for which the Group and the Company have received consideration or an amount of consideration is due from the customer. In the case of property development, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group and the Company have performed their obligation under the contracts.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Alternatively, government grants related to an asset may be presented in the statements of financial position by deducting the grants in arriving at the carrying amount of the asset.

2.22 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.24 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) The Group and the Company as lessee

Recognition and measurement in financial year ended 31 December 2019

The Group and the Company recognise a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received; and
- any initial direct costs incurred by the Group and the Company;

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right- of-use assets.

If the lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the Group and the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group and the Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's and the Company's incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Recognition and measurement in financial year ended 31 December 2018

All of the Group's and Company's leases are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 Leases (cont'd)

(b) The Group and the Company as lessor

The Group and the Company classified its leases as either operating lease or finance lease. Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group and Company transfer substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

2.25 Revenue and other income recognition

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of information based on the five-step model as set out below:

(i) Identify contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transfering promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Group and the Company have generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the fair value of consideration received or receivable.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 Revenue and other income recognition (cont'd)

The following describes the performance obligation in contracts with customers:

(i) Revenue

(a) Sale of goods

The Group and the Company contract with its customers for sales of oil palm related products. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon the transfer of significant risks and rewards of ownership of the goods to the customer. Payment is generally due up to 30 days from transfer of risks and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Delivery service

The Group and the Company provide delivery services that are bundled together with the sale of goods to a customer. The delivery services can be obtained from other providers and do not significantly customise or modify the goods sold.

Contracts for bundled sales of goods and delivery services are comprised of two performance obligations because the promises to transfer goods and provide delivery services are capable of being distinct and separately identifiable. Accordingly, the Group and the Company allocate the transaction price based on the relative stand-alone selling prices of the goods and delivery services.

The Group and the Company recognise revenue from delivery services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group and the Company. Payment is generally due up to 30 days from delivery.

(c) Rendering of services

Revenue from services rendered is recognised net of taxes and discounts as and when the services are performed.

(d) Sales of properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on the percentage of completion method. The percentage of completion is determined by the proportion of property development costs incurred for work performed to date over the estimated cost for the respective development projects.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which they will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance does not create an asset with an alternative use to the Group and the Company and the Group and the Company have an enforceable right to payment for performance completed to date.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 Revenue and other income recognition (cont'd)

(i) Revenue (cont'd)

(d) Sales of properties (cont'd)

This is generally established when:

(i) the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce its rights to the promised properties if the Group and the Company seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Company's ability to direct the promised properties for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group and the Company; and

(ii) the Group and the Company have the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

(iii) If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise revenue over time using the percentage of completion method using input method which is based on the actual cost incurred to date on the property development project as compared to the total estimated cost for the respective development projects.

The Group and the Company recognise sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group and the Company will collect the considerations to which it will be entitled to in exchange for the assets sold.

(e) Revenue from hotel operations

Revenue from rental of hotel rooms, sale of food and beverage and other related income are recognised on an accrual basis.

(f) Revenue from golf club and resort operations

Revenue from club operations consists of monthly subscription fees, golf, sports and other facilities. Where there are more than one performance obligations, the transaction price will be allocated to each of the separate performance obligations. When these are not directly observerable, they are estimated based on expected cost plus margin.

Revenue from club activities excluding membership fees are recognised when the services are rendered. The payment of the transaction price is due immediately upon delivery of the services. Subscription fees are recognised as income on an accrual basis.

Revenue from rental of resort room, sale of food and beverage and other related income are recognised on accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 Revenue and other income recognition (cont'd)

(i) Revenue (cont'd)

(g) Dividend income

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

(h) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Other income

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Management fees

Management fees are recognised when services are rendered.

2.26 Taxation

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.26 Taxation (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and Services Tax ("SST")

Revenue are recognised net of the amount of SST.

The amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority and is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The amount of SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.28 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved.

2.29 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.31 Bearer plants

Bearer plants are living plant that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants that are available for use are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting. Bearer plants have an average life cycle of twenty-five (25) years with the first three (3) years as immature bearer plants and the remaining years as mature bearer plants. The mature bearer plants are depreciated over its remaining useful lives of twenty-two (22) years on a straight-line basis. The immature bearer plants are not depreciated until such time when it is available for use.

2.32 Biological assets

Produce growing on bearer plants are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell of produce growing on bearer plants are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flows are estimated using expected output method and the estimated market price of the produce growing on bearer plants.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of plant and equipment

The MFRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group and the Company reviewed the residual values and remaining useful lives of its plant and equipment and found that no revisions to the residual values and remaining useful lives of its plant and equipment were necessary.

(b) Property development

Revenue on property development activities are recognised in accordance with the accounting policy set out in Note 2.25 (i)(d) above. The terms of the property development contracts and the laws that apply to these contracts, will determine whether the control of the properties sold is transferred and the corresponding revenue is recognised over time or at a point in time.

The Group and the Company recognise certain of its property development activities over time or based on the percentage of completion method using input method which is based on the actual cost incurred to date on the property development project as compared to the total estimated cost for the respective development projects.

Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation and this includes determining the extent of property development costs incurred and the total estimated costs of property development, which in turn is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group and the Company. In making these judgements, management relies on past experience and the work of specialists.

(c) Income taxes

Judgement is involved in determining the Group's provision for income taxes as there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Impairment of property, plant and equipment

The Group and the Company assess whether there are any indicators of impairment for all property, plant and equipment at each reporting date.

Property, plant and equipment are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, a significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, and significant adverse industry or economic changes. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is higher of its fair value less cost of disposal and its value in use. The fair value less cost of disposal is derived based on comparison sales approach or income approach. The value in use calculation is based on discounted cash flows arising from the future operating performance, revenue generating capacity of the assets and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and result in changes to the recoverable amounts of assets and impairment losses needed.

During the current financial year, the Group has recognised impairment loss of approximately RM 45,401,000 in respect of a foreign subsidiary's hotel property. The recoverable amount is determined based on a valuation done by an accredited independent valuer using the income capitalisation approach. The key assumptions used to determine the fair value, including the discount rate and capitalisation rate, are disclosed in Note 14 to the financial statements.

(e) Fair value of investment in A2I Holdings S.A.R.L ("A2I")

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The investment in A2I comprises equity instrument and investment in Tracking Preferred Equity Certificates ("TPEC") of A2I which is considered as debt instrument.The fair value of investment in A2I is determined based on adjusted net assets of the investee applied with appropriate discount rate. Judgements and estimates include considerations of discount for lack of control and marketability and inputs in measuring the fair value of the underlying hotel assets of the investee. Further details about the determination of fair value are disclosed in Note 40 to the financial statements.

4. REVENUE

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Type of revenue				
Oil palm produce	**525,883**	590,854	**528,392**	595,370
Sale of properties	**158,069**	92,217	**158,069**	92,217
Dividend income	**12,164**	11,206	**14,092**	17,039
Management and operation of golf club	**17,464**	16,945	**-**	-
Operation of hotel and conference centre	**238,911**	233,207	**-**	-
Revenue from contracts with customers	**952,491**	944,429	**700,553**	704,626
Rental income	**26,115**	22,848	**5,721**	4,217
	978,606	967,277	**706,274**	708,843
Timing of revenue recognition				
- at a point in time	**647,643**	623,927	**555,252**	621,694
- over time	**304,848**	320,502	**145,301**	82,932
	952,491	944,429	**700,553**	704,626

4. REVENUE (cont'd)

4.1 CONTRACT BALANCES

	Group and Company	
	2019	2018
	RM'000	RM'000
Contract assets (Note 26)	**43,268**	31,762
Contract liabilities (Note 32)	**-**	(2,345)
	43,268	29,417
At beginning of the year	**29,417**	2,800
Consideration paid and payable to customers	**8,477**	7,296
Revenue recognised during the year	**158,069**	92,217
Progress billings during the year	**(152,695)**	(72,896)
At end of the year	**43,268**	29,417

Revenue from property development activities is recognised over time using the input method, which is based on the actual cost incurred to date on the property development projects as compared to the total estimated cost for the respective development projects.

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2019 for the Group and the Company is RM40,641,000 (2018: RM 57,819,000). The remaining performance obligations are expected to be recognised as follows:

Group and Company	**2019**	2018
	RM'000	RM'000
Within 1 year	**38,594**	57,819
Between 1 and 4 years	**2,047**	-
	40,641	57,819

5. COST OF SALES

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Property development costs	**95,751**	65,416	**95,751**	65,416
Cost of inventories sold	**474,342**	553,355	**492,846**	575,043
Cost of services rendered	**150,959**	145,440	**-**	-
	721,052	764,211	**588,597**	640,459

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. OTHER INCOME

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Unrealised gain on foreign exchange	**-**	20	**-**	13,422
Realised gain on foreign exchange	**29**	-	**84**	-
Interest income from deposits	**21,784**	20,706	**15,127**	14,300
Interest income from subsidiaries	**-**	-	**9,881**	8,479
Management fee received from subsidiaries	**-**	-	**1,192**	714
Gain on fair value change in biological assets	**-**	120	**10**	-
Gain on trading of palm oil	**299**	-	**299**	-
Gain on redemption of short term funds	**1,231**	-	**-**	-
Fair value gain on financial assets at fair value through profit or loss	**23,787**	-	**159**	252
Gain on compulsory acquisition of land	**854**	-	**-**	-
Miscellaneous	**2,307**	7,177	**1,239**	5,844
	50,291	28,023	**27,991**	43,011

7. PROFIT BEFORE TAX

Profit before tax after charging/(crediting) the following items:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Employee benefits expense (Note 8)	**136,966**	127,285	**28,981**	27,283
Auditors' remuneration:				
Statutory audits				
- Current year				
- Ernst & Young PLT	**247**	244	**120**	117
- Other auditors	**1,072**	773	**-**	-
- Underprovision in prior years				
- Ernst & Young PLT	**45**	108	**45**	108
Other services				
- Ernst & Young PLT	**30**	12	**30**	12
- Other auditors	**93**	165	**-**	-
Direct operating expenses arising from investment properties:				
- revenue generating properties	**7,079**	6,378	**726**	462

7. PROFIT BEFORE TAX (cont'd)

Profit before tax after charging/(crediting) the following items: (cont'd)

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Depreciation of property, plant and equipment (Note 14)	**33,873**	33,066	**4,255**	4,528
Gain on compulsory acquisition of land	**(854)**	-	**-**	-
Depreciation of investment properties (Note 15)	**4,658**	4,092	**716**	309
Property, plant and equipment written off	**31**	290	**26**	282
Amortisation of land use rights (Note 16)	**-**	295	**-**	-
Depreciation of right-of-use assets (Note 17)	**993**	-	**-**	-
Depreciation of bearer plants (Note 18)	**518**	471	**16**	21
Bearer plants written off	**31**	-	**31**	-
Inventories written off	**1**	-	**-**	-
Bad debts written off/(recovered)	**22**	(58)	**-**	-
Interest expenses on notes payable and bank overdraft	**8,191**	8,488	**859**	1,026
Interest expense on lease liabilities (Note 33)	**74**	-	**-**	-
Impairment loss on trade receivables (Note 25)	**74**	124	**-**	-
Inventories written back	**(395)**	(278)	**(419)**	(277)
Realised (gain)/loss on foreign exchange	**(29)**	5,338	**(84)**	5,458
Unrealised loss/(gain) on foreign exchange	**6,615**	(20)	**4,757**	(13,422)
Loss/(Gain) on fair value change in biological assets (Note 24)	**55**	(120)	**(10)**	162
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(23,787)**	4,012	**(159)**	(252)
(Gain)/loss on redemption of short term funds	**(1,231)**	64	**-**	64
Impairment (written back)/loss on land held for development (Note 22 (a))	**(454)**	63	**(454)**	63
Fair value loss on derivatives	**45**	160	**45**	160
Commission paid to a company in which certain directors have an interest (Note 39)	**4,969**	5,501	**4,969**	5,501
Amortisation of intangible assets (Note 21)	**32**	129	**7**	105
Impairment loss on property, plant and equipment (Note 14)	**45,401**	-	**-**	-
Impairment loss on amount due from a subsidiary	**-**	-	**26,808**	-
Investment property written off	**1**	-	**-**	-
Gross dividends from quoted investments:				
- Malaysian corporations	**(1,722)**	(2,114)	**(1,577)**	(1,949)
- Foreign corporations	**(9,936)**	(8,586)	**(3,540)**	(3,731)
Gross dividends from unquoted investments:				
- Malaysian corporations	**(506)**	(506)	**(506)**	(506)
- Subsidiaries	**-**	-	**(8,469)**	(10,853)
Loss on disposal of investment properties	**18**	3	**-**	-
Loss/(Gain) on disposal of property, plant and equipment	**22**	(125)	**21**	(126)

8. EMPLOYEE BENEFITS EXPENSE (excluding key management personnel)

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Wages and salaries	**105,611**	98,750	**26,359**	24,658
Social security and employee insurance contributions	**416**	367	**247**	225
Contributions to defined contribution plan	**3,535**	3,602	**2,375**	2,400
Other benefits	**27,404**	24,566	**-**	-
	136,966	127,285	**28,981**	27,283

9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Directors' remuneration:				
Fees	**911**	935	**811**	835
Other emoluments	**10,027**	9,475	**8,143**	7,616
Benefits-in-kind	**31**	31	**28**	28
	10,969	10,441	**8,982**	8,479

Key management personnel comprises Directors of the Group, who have authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

10. FINANCE COSTS

The finance costs is in respect of interest expenses relating to financing activities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INCOME TAX EXPENSE

Components of income tax expense

The components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Statement of comprehensive income:				
Current income tax :				
- Malaysian income tax	**30,511**	17,842	**25,370**	12,835
- Foreign tax	**5,274**	2,417	**206**	263
- Real property gain tax	**7,316**	-	**7,316**	-
	43,101	20,259	**32,892**	13,098
(Over)/Underprovision in prior years :				
- Malaysian income tax	**(799)**	(837)	**(69)**	137
- Foreign tax	**(412)**	(860)	**-**	2
	(1,211)	(1,697)	**(69)**	139
Deferred income tax (Note 37) :				
- Origination and reversal of temporary differences	**(31,835)**	11,577	**(18,025)**	8,715
- Underprovision in prior years	**70**	213	**73**	223
	(31,765)	11,790	**(17,952)**	8,938
Income tax expense recognised in statements of comprehensive income	**10,125**	30,352	**14,871**	22,175

Reconciliation between tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
	RM'000	RM'000
Group		
Profit before tax	**101,766**	69,521
Taxation at Malaysian statutory tax rate of 24% (2018 : 24%)	**24,424**	16,685
Different tax rates in other countries	**281**	787
Income not subject to tax	**(16,821)**	(8,296)
Expenses not deductible for tax purposes	**4,900**	4,912
Tax on transfer of land held for property development to investment properties	**7,770**	17,122
Deferred tax asset recognised on future tax benefit arising from real property gain tax paid on transfer of land from property, plant and equipment to land held for property development	**(10,209)**	-
Effect of reduction of tax rate based on the incremental in chargeable income	**-**	(1,735)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(248)**	-
Deferred tax not recognised on unabsorbed capital allowances and unutilised business losses	**1,169**	2,361
Overprovision of income tax in prior years	**(1,211)**	(1,697)
Underprovision of deferred tax in prior years	**70**	213
Income tax expense recognised in profit or loss	**10,125**	30,352

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INCOME TAX EXPENSE (cont'd)

Reconciliation between tax expense and accounting profit (cont'd)

	2019 RM'000	2018 RM'000
Company		
Profit before tax	**75,092**	64,806
Taxation at Malaysian statutory tax rate of 24% (2018 : 24%)	**18,022**	15,553
Income not subject to tax	**(8,609)**	(9,852)
Expenses not deductible for tax purposes	**8,104**	802
Tax on transfer of land held for development to investment properties	**7,770**	17,122
Deferred tax asset recognised on future tax benefit arising from real property gain tax paid on transfer of land from property, plant and equipment to land held for property development	**(10,209)**	-
Effect of reduction of tax rate based on the incremental in chargeable income	**-**	(1,627)
Different tax rates in other countries	**(211)**	(185)
(Over)/Underprovision of income tax in prior years	**(69)**	139
Underprovision of deferred tax in prior years	**73**	223
Income tax expense recognised in profit or loss	**14,871**	22,175

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

On 10 April 2017, the Income Tax (Exemption) (No.2) Order 2017 ("Order") was gazetted to provide a special income tax exemption to a qualifying person and the exemption is granted based on the incremental amount of chargeable income from preceding year and is applicable for years of assessment 2017 and 2018. The exemption given is computed based on the percentage of increased chargeable income and according to the formula prescribed in the Order range from 1% to 4%.

The Company has tax exempt accounts to declare dividends out of its total distributable reserves under the following Acts, subject to agreement with the Inland Revenue Board:

(i) Tax exempt account under Section 26 of the Investment Incentives Act, 1968 relating to investment tax credit of approximately RM3,699,000 (2018: RM3,699,000).

(ii) Tax exempt account arising out of tax exempt dividends received of approximately RM6,079,000 (2018: RM6,079,000).

(iii) Tax exempt account under Section 37 of the Promotion of Investments Act, 1986 relating to abatement of adjusted income for export of approximately RM5,366,000 (2018: RM5,366,000).

(iv) Tax exempt account under Section 133A of the Income Tax Act, 1967 relating to reinvestment allowances of approximately RM20,163,000 (2018: RM20,163,000).

(v) Tax exempt account under Section 8 of the Income Tax (Amendment) Act, 1999 of approximately RM2,125,000 (2018: RM2,125,000).

(vi) Tax exempt account under Income Tax (Exemption)(No. 48) Order 1997 of approximately RM26,000 (2018: RM26,000).

For Malaysian Entities, the unused tax losses up to the year of assessment 2019 shall be deductible until year of assessment 2026. The unused tax losses for the year of assessment 2020 onwards will expire in seven (7) years.

12. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares after adjusting for treasury shares.

	Group	
	2019	2018
Profit net of tax attributable to owners of the parent (RM'000)	**88,317**	36,472
Weighted average number of ordinary shares in issue ('000)	**359,314**	359,318
Basic earnings per share (sen)	**24.58**	10.15

No diluted earnings per share have been presented as there were no dilutive potential ordinary shares outstanding as at 31 December 2019 and 31 December 2018.

13. DIVIDENDS

	Group and Company	
	2019	2018
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single tier dividend for 2018: 6 sen (2017: 6 sen) per share	**21,559**	21,558
- Interim single tier dividend for 2019: 4 sen (2018: 4 sen) per share	**14,372**	14,372
	35,931	35,930
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting		
- Final single tier dividend for 2019: Nil (2018: 6 sen) per share	**-**	21,558

The directors do not recommend the payment of final dividend for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. PROPERTY, PLANT AND EQUIPMENT

Group	Estates, golf course, land and buildings RM'000	Plant and machinery RM'000	Vehicles, furniture and equipment RM'000	Work-in-progress RM'000	Total RM'000
Cost/Deemed cost					
At 1 January 2019:					
At cost	765,694	135,469	118,682	10,168	1,030,013
At deemed cost	23,421	-	-	-	23,421
Government grant	-	(7,414)	-	-	(7,414)
	789,115	128,055	118,682	10,168	1,046,020
Additions	4,260	740	7,020	8,088	20,108
Transfers to:					
- land held for property development (Note 22(a))	(1,130)	-	-	-	(1,130)
- Investment properties (Note 15)	(56)	-	-	-	(56)
- Inventories	-	-	-	(55)	(55)
Reclassification	6,198	90	1,999	(8,287)	-
Write offs	-	(688)	(363)	-	(1,051)
Disposals	(11)	-	(627)	-	(638)
Exchange differences	(1,360)	-	768	164	(428)
At 31 December 2019	797,016	128,197	127,479	10,078	1,062,770
Representing:					
At cost	773,606	135,611	127,479	10,078	1,046,774
At deemed cost	23,410	-	-	-	23,410
Government grant	-	(7,414)	-	-	(7,414)
	797,016	128,197	127,479	10,078	1,062,770

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

Group	Estates, golf course, land and buildings RM'000	Plant and machinery RM'000	Vehicles, furniture and equipment RM'000	Work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment					
At 1 January 2019:					
At cost	207,805	117,090	83,318	-	408,213
Government grant	-	(7,390)	-	-	(7,390)
	207,805	109,700	83,318	-	400,823
Recognised in statements of comprehensive income (Note 7)	19,447	3,234	11,192	-	33,873
Charge for the year	19,447	3,258	11,192	-	33,897
Government grant	-	(24)	-	-	(24)
Write offs	-	(671)	(349)	-	(1,020)
Disposals	-	-	(532)	-	(532)
Impairment loss (Note 7)	45,401	-	-	-	45,401
Exchange differences	1,470	-	412	-	1,882
At 31 December 2019	274,123	112,263	94,041	-	480,427
Representing:					
At cost	274,123	119,677	94,041	-	487,841
Government grant	-	(7,414)	-	-	(7,414)
	274,123	112,263	94,041	-	480,427
Net carrying amount					
At 31 December 2019					
At cost	499,483	15,934	33,438	10,078	558,933
At deemed cost	23,410	-	-	-	23,410
Government grant	-	-	-	-	-
	522,893	15,934	33,438	10,078	582,343

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

Group	Estates, golf course, land and buildings RM'000	Plant and machinery RM'000	Vehicles, furniture and equipment RM'000	Work-in-progress RM'000	Total RM'000
Cost/Deemed cost					
At 1 January 2018:					
At cost	745,476	133,705	112,925	11,058	1,003,164
At deemed cost	23,421	-	-	-	23,421
Government grant	-	(7,414)	-	-	(7,414)
	768,897	126,291	112,925	11,058	1,019,171
Additions	10,270	1,823	8,855	7,885	28,833
Reclassification	6,777	1,004	729	(8,510)	-
Write offs	-	(1,062)	(1,201)	-	(2,263)
Disposals	-	(1)	(1,285)	-	(1,286)
Exchange differences	3,171	-	(1,341)	(265)	1,565
At 31 December 2018	789,115	128,055	118,682	10,168	1,046,020
Representing:					
At cost	765,694	135,469	118,682	10,168	1,030,013
At deemed cost	23,421	-	-	-	23,421
Government grant	-	(7,414)	-	-	(7,414)
	789,115	128,055	118,682	10,168	1,046,020
Accumulated depreciation and impairment					
At 1 January 2018:					
At cost	191,852	114,232	75,576	-	381,660
Government grant	-	(7,294)	-	-	(7,294)
	191,852	106,938	75,576	-	374,366
Recognised in statements of comprehensive income (Note 7)	18,789	3,551	10,726	-	33,066
Charge for the year	18,789	3,647	10,726	-	33,162
Government grant	-	(96)	-	-	(96)
Write offs	-	(788)	(1,185)	-	(1,973)
Disposals	-	(1)	(1,267)	-	(1,268)
Exchange differences	(2,836)	-	(532)	-	(3,368)
At 31 December 2018	207,805	109,700	83,318	-	400,823
Representing:					
At cost	207,805	117,090	83,318	-	408,213
Government grant	-	(7,390)	-	-	(7,390)
	207,805	109,700	83,318	-	400,823
Net carrying amount					
At 31 December 2018					
At cost	557,889	18,379	35,364	10,168	621,800
At deemed cost	23,421	-	-	-	23,421
Government grant	-	(24)	-	-	(24)
	581,310	18,355	35,364	10,168	645,197

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

Company	Estates, land and buildings RM'000	Plant and machinery RM'000	Vehicles, furniture and equipment RM'000	Work-in-progress RM'000	Total RM'000
Cost/Deemed cost					
At 1 January 2019	29,592	109,885	15,406	419	155,302
Additions	653	478	930	431	2,492
Transfers to:					
- land held for property development (Note 22(a))	(1,130)	-	-	-	(1,130)
- Investment properties (Note 15)	(56)	-	-	-	(56)
- Inventories	-	-	-	(55)	(55)
Reclassification	-	31	-	(31)	-
Write offs	-	(654)	(105)	-	(759)
Disposals	-	-	(472)	-	(472)
At 31 December 2019	29,059	109,740	15,759	764	155,322
Representing:					
At cost	20,045	109,740	15,759	764	146,308
At deemed cost	9,014	-	-	-	9,014
	29,059	109,740	15,759	764	155,322
Accumulated depreciation					
At 1 January 2019	9,317	95,604	11,790	-	116,711
Charge for the year (Note 7)	650	2,570	1,035	-	4,255
Write offs	-	(639)	(94)	-	(733)
Disposals	-	-	(378)	-	(378)
At 31 December 2019	9,967	97,535	12,353	-	119,855
Net carrying amount					
At 31 December 2019					
At cost	10,078	12,205	3,406	764	26,453
At deemed cost	9,014	-	-	-	9,014
	19,092	12,205	3,406	764	35,467

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

Company	Estates, land and buildings RM'000	Plant and machinery RM'000	Vehicles, furniture and equipment RM'000	Work-in-progress RM'000	Total RM'000
Cost/Deemed cost					
At 1 January 2018	28,865	108,936	14,179	260	152,240
Additions	656	1,586	2,310	419	4,971
Reclassification	71	189	-	(260)	-
Write offs	-	(826)	(76)	-	(902)
Disposals	-	-	(1,007)	-	(1,007)
At 31 December 2018	29,592	109,885	15,406	419	155,302
Representing:					
At cost	20,578	109,885	15,406	419	146,288
At deemed cost	9,014	-	-	-	9,014
	29,592	109,885	15,406	419	155,302
Accumulated depreciation					
At 1 January 2018	8,681	93,309	11,804	-	113,794
Charge for the year (Note 7)	636	2,847	1,045	-	4,528
Write offs	-	(552)	(68)	-	(620)
Disposals	-	-	(991)	-	(991)
At 31 December 2018	9,317	95,604	11,790	-	116,711
Net carrying amount					
At 31 December 2018					
At cost	11,261	14,281	3,616	419	29,577
At deemed cost	9,014	-	-	-	9,014
	20,275	14,281	3,616	419	38,591

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

(i) The details of the estates, golf course, land and buildings are as follows:

Group	Cost/ Deemed cost RM'000	Accumulated depreciation RM'000	Net carrying amount RM'000	Depreciation charge RM'000
2019				
At deemed cost -				
Freehold estates	**23,410**	**-**	**23,410**	**-**
At cost -				
Freehold estates	**3,361**	**-**	**3,361**	**-**
Golf course	**78,739**	**21,454**	**57,285**	**901**
Freehold land and buildings	**691,506**	**252,669**	**438,837**	**18,546**
	773,606	**274,123**	**499,483**	**19,447**
Total	**797,016**	**274,123**	**522,893**	**19,447**
2018				
At deemed cost -				
Freehold estates	23,421	-	23,421	-
At cost -				
Freehold estates	4,231	-	4,231	-
Golf course	78,738	20,553	58,185	899
Freehold land and buildings	682,725	187,252	495,473	17,890
	765,694	207,805	557,889	18,789
Total	789,115	207,805	581,310	18,789

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

(i) The details of the estates, golf course, land and buildings are as follows: (cont'd)

Company	Cost/ Deemed cost RM'000	Accumulated depreciation RM'000	Net carrying amount RM'000	Depreciation charge RM'000
2019				
At deemed cost -				
Freehold estates	**9,014**	**-**	**9,014**	**-**
At cost -				
Freehold estates	**3,146**	**-**	**3,146**	**-**
Freehold land and buildings	**16,899**	**9,967**	**6,932**	**650**
	20,045	**9,967**	**10,078**	**650**
Total	**29,059**	**9,967**	**19,092**	**650**
2018				
At deemed cost -				
Freehold estates	9,014	-	9,014	-
At cost -				
Freehold estates	4,016	-	4,016	-
Freehold land and buildings	16,562	9,317	7,245	636
	20,578	9,317	11,261	636
Total	29,592	9,317	20,275	636

(ii) Property, plant and equipment of certain subsidiaries of RM374,314,000 (2018: RM435,418,000) are pledged for bank facilities purposes as disclosed in Note 30.

(iii) In 2019, the impairment loss of RM45,401,000 was recognised for the write-down of certain property, plant and equipment of a subsidiary, KSNY Enterprises Ltd ("KSNY"), to the recoverable amount as a result of unfavorable market conditions. This was recognised in the statement of profit or loss as other expenses. The recoverable amount of RM254,261,000 as at 31 December 2019 was based on fair value less costs of disposal and was determined at the level of the CGU of KSNY. The fair value less costs of disposal was based on income capitalization approach which utilises the discounted cash flow technique, measures the present value of projected income flows and the reversion of the property sale. The significant unobservable valuation inputs are as below:

Revenue per available room	USD 217 to USD 317
Discount rate	8.00%
Capitalisation rate	6.50%

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

(iv) Impact of the Coronavirus (COVID-19) outbreak to the impairment assessment

Subsequent to end of the financial year and as disclosed in Note 44, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and the hotels and resort operation of certain subsidiaries are temporarily suspended due to the directives issued by the Government in which the subsidiaries operate. The Directors concluded that the COVID-19 outbreak did not provide evidence of conditions that existed on or before 31 December 2019 and have accordingly assessed it to be a non-adjusting event for the impairment assessment of the property, plant and equipment of the subsidiaries which involve in hotel and resort segment with carrying amount of RM523,688,000.

As the underlying economic conditions before and after COVID-19 are not the same for the hotel and resort segment of the Group which is likely to cause the changes in the assumptions, include but not limited to daily room rates, occurapancy rate, discount rates, capitalisation rate of the expected level of potential net income to be generated applied in the impairment assessment, the Board is of the view that there might be a further impairment to the carrying amount of the property, plant and equipment within the next financial year.

15. INVESTMENT PROPERTIES

Group	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
Cost			
At 1 January 2019	228,078	11,351	239,429
Additions	8,991	23	9,014
Transfer from land held for property development (Note 22(a))	332	5,820	6,152
Transfer from property, plant and equipment (Note 14)	56	-	56
Write offs	(1,132)	-	(1,132)
Disposals	(298)	-	(298)
Exchange differences	-	28	28
At 31 December 2019	236,027	17,222	253,249
Accumulated depreciation			
At 1 January 2019	90,755	6,342	97,097
Charge for the year (Note 7)	4,658	-	4,658
Write offs	(1,131)	-	(1,131)
Disposals	(273)	-	(273)
Exchange differences	-	16	16
At 31 December 2019	94,009	6,358	100,367
Net carrying amount			
At 31 December 2019	142,018	10,864	152,882

15. INVESTMENT PROPERTIES (cont'd)

Group	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
Cost			
At 1 January 2018	205,990	11,364	217,354
Additions	17,413	-	17,413
Transfer from land held for property development (Note 22(a))	4,761	-	4,761
Disposals	(86)	-	(86)
Exchange differences	-	(13)	(13)
At 31 December 2018	228,078	11,351	239,429
Accumulated depreciation			
At 1 January 2018	86,746	6,349	93,095
Charge for the year (Note 7)	4,092	-	4,092
Disposals	(83)	-	(83)
Exchange differences	-	(7)	(7)
At 31 December 2018	90,755	6,342	97,097
Net carrying amount			
At 31 December 2018	137,323	5,009	142,332

15. INVESTMENT PROPERTIES (cont'd)

Company	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
Cost			
At 1 January 2019	49,874	-	49,874
Additions	8,086	23	8,109
Transfer from land held for property development (Note 22(a))	332	5,820	6,152
Transfer from property, plant and equipment (Note 14)	56	-	56
At 31 December 2019	58,348	5,843	64,191
Accumulated depreciation			
At 1 January 2019	8,510	-	8,510
Charge for the year (Note 7)	716	-	716
At 31 December 2019	9,226	-	9,226
Net carrying amount			
At 31 December 2019	49,122	5,843	54,965

Company	Freehold land and buildings RM'000
Cost	
At 1 January 2018	28,184
Additions	16,929
Transfer from land held for property development (Note 22(a))	4,761
At 31 December 2018	49,874
Accumulated depreciation	
At 1 January 2018	8,201
Charge for the year (Note 7)	309
At 31 December 2018	8,510
Net carrying amount	
At 31 December 2018	41,364

15. INVESTMENT PROPERTIES (cont'd)

The fair value of investment properties as at 31 December 2019 for the Group and Company is approximately RM597,743,000 (2018: RM528,841,000) and RM296,061,000 (2018: RM240,590,000) respectively, which has been determined based on the comparison and investment methods.

Fair values of investment properties are determined based on valuations conducted by independent professional valuer using the market value basis.

The fair value measurement of the Group's and Company's investment properties are categorised within Level 3 of the fair value hierarchy. There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

16. LAND USE RIGHTS

	Group	
	2019	2018
	RM'000	RM'000
Cost		
At 1 January	**25,724**	25,724
Effects of MFRS 16 Leases adoption (Note 2.2)	**(25,724)**	-
At 1 January (Adjusted)/31 December	**-**	25,724
Accumulated amortisation		
At 1 January	**8,359**	8,064
Effects of MFRS 16 Leases adoption (Note 2.2)	**(8,359)**	-
At 1 January (Adjusted)	**-**	8,064
Amortisation for the year (Note 7)	**-**	295
At 31 December	**-**	8,359
Net carrying amount		
At 31 December	**-**	17,365
Amount to be amortised:		
- Not later than one year	**-**	295
- Later than one year but not later than five years	**-**	1,182
- Later than five years	**-**	15,888
	-	17,365

The Group has land use rights over the state-owned land which are used for the cultivation of oil palm. The land use rights have a remaining tenure of 96 years (2018: 97 years) expiring in 2115. The land use rights has been reclassified to right-of-use assets upon adoption of MFRS 16 on 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17. RIGHT-OF-USE ASSETS

Group	Car park land RM'000	State-owned land RM'000	Total RM'000
Cost			
At 1 January 2019	1,324	17,365	18,689
Additions	-	1,876	1,876
Exchange differences	42	-	42
At 31 December 2019	1,366	19,241	20,607
Accumulated depreciation			
At 1 January 2019	-	-	-
Charge for the year (Note 7)	679	314	993
Exchange differences	4	-	4
At 31 December 2019	683	314	997
Net carrying amount			
At 31 December 2019	683	18,927	19,610

The Group has right-of-use over the state-owned land which are used for the cultivation of oil palm. The right-of-use has a remaining tenure of 96 years (2018: 97 years) expiring in 2115.

18. BEARER PLANTS

	Group		Company	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000
Cost/Deemed cost				
At 1 January	**17,148**	14,566	**4,738**	2,777
Additions	**5,788**	2,582	**5,124**	1,961
Write offs	**(2,004)**	-	**(2,004)**	-
At 31 December	**20,932**	17,148	**7,858**	4,738
Accumulated depreciation				
At 1 January	**6,846**	6,375	**2,325**	2,304
Charge for the year (Note 7)	**518**	471	**16**	21
Write offs	**(1,973)**	-	**(1,973)**	-
At 31 December	**5,391**	6,846	**368**	2,325
Net carrying amount				
At 31 December	**15,541**	10,302	**7,490**	2,413

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. BEARER PLANTS (cont'd)

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Analysis of bearer plants:				
At 31 December				
Immature	**7,792**	3,048	**5,999**	1,851
Matured	**7,749**	7,254	**1,491**	562
	15,541	10,302	**7,490**	2,413

19. INVESTMENT IN SUBSIDIARIES

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost		
In Malaysia	**226,216**	224,201
Outside Malaysia	**4**	4
	226,220	224,205
Impairment losses	**(49,191)**	(49,191)
	177,029	175,014

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2019 %	2018 %
Johore (Masai) Plantations Sdn. Bhd.	Malaysia	Oil palm estate and investment holding	**100**	100
Kota Tinggi Oil Palm Plantations Sdn. Bhd.	Malaysia	Oil palm estate and investment holding	**100**	100
Lian Huap Oil Palm Plantations Sdn. Bhd.	Malaysia	Oil palm estate and investment holding	**100**	100
Sin Lian Oil Palm Plantations Sdn. Bhd.	Malaysia	Oil palm estate and investment holding	**100**	100
HKH Holdings Sdn. Bhd.	Malaysia	Property investment	**100**	100
Ragamo Sdn. Bhd.	Malaysia	Processing of palm kernel products and investment holding	**100**	100
Lim & Lim Plantations Berhad	Malaysia	Oil palm estate and investment holding	**99.8**	99.8

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows : (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2019 %	2018 %
Supervitamins Sdn. Bhd.	Malaysia	Manufacturing and trading of nutraceutical and health-care materials	**100**	60
Tanjong Puteri Golf Resort Berhad	Malaysia	Operation of golf club	**99.97**	99.97
Keck Seng Investments Pte. Ltd.*	Singapore	Investment holding	**100**	100
Brosna Limited*	Hong Kong	Investment holding	**100**	100
Promas Limited*	Hong Kong	Investment holding	**100**	100
K.S.A Enterprises Limited*	Canada	Dormant	**100**	100
Keck Seng International Private Limited*	Singapore	Dormant	**100**	100
Lusaka Holdings Sdn. Bhd.	Malaysia	Property investment	**70**	70
Siris Management Sdn. Bhd.	Malaysia	Dormant	**100**	100
K.S.F. Enterprises Sdn. Bhd.	Malaysia	Investment holding	**50+1****	50+1**
KSD Enterprises Ltd. *	Canada	Operation of hotels	**50+1****	50+1**
KSG Enterprises Ltd.*	United States	Operation of hotels	**100**	100
KSNY Enterprises Ltd.*	United States	Operation of hotels	**100**	100

* Audited by firms of auditors other than Ernst & Young PLT
** The equity interests of the Company is 50% plus one share.

Acquisition of non-controlling interests

During the financial year, the Company acquired an additional 40% equity interest in Supervitamins Sdn. Bhd. ("Supervitamins") from its non-controlling interest for a cash consideration of RM2,000,000. As a result of this acquisition, Supervitamins became a wholly-owned subsidiary of the Company. On the date of acquisition, the carrying value of the additional interest acquired was RM8,780,914. The difference of RM6,780,914 between the consideration and the book value of the interest acquired is recognised in the equity as retained earnings.

19. INVESTMENT IN SUBSIDIARIES (cont'd)

Summarised financial information on subsidiaries with significant non-controlling interests

Summarised financial information of Supervitamins Sdn. Bhd., Lusaka Holdings Sdn. Bhd., K.S.F. Enterprises Sdn. Bhd. Group and Tanjong Puteri Golf Resort Berhad which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of financial position

	Supervitamins * Sdn. Bhd.		Lusaka Holdings Sdn. Bhd.		K.S.F. Enterprises # Sdn. Bhd. Group		Tanjong Puteri Golf Resort Berhad		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Non-current assets	**-**	4,565	**52,341**	54,014	**68,175**	66,255	**81,882**	83,609	**202,398**	208,443
Current assets	**-**	17,292	**57,010**	50,337	**20,277**	11,637	**4,437**	5,309	**81,724**	84,575
Total assets	**-**	21,857	**109,351**	104,351	**88,452**	77,892	**86,319**	88,918	**284,122**	293,018
Current liabilities	**-**	2,080	**3,947**	3,268	**17,213**	10,424	**31,131**	25,442	**52,291**	41,214
Non-current liabilities	**-**	12,104	**2,315**	2,246	**-**	-	**3,819**	-	**6,134**	14,350
Total liabilities	**-**	14,184	**6,262**	5,514	**17,213**	10,424	**34,950**	25,442	**58,425**	55,564
Net assets	**-**	7,673	**103,089**	98,837	**71,239**	67,468	**51,369**	63,476	**225,697**	237,454
Equity attributable to:										
- owners of the Company	**-**	74	**90,162**	87,186	**35,624**	33,739	**(46,828)**	(34,721)	**78,958**	86,278
- non-controlling interests	**-**	7,599	**12,927**	11,651	**35,615**	33,729	**98,197**	98,197	**146,739**	151,176
	-	7,673	**103,089**	98,837	**71,239**	67,468	**51,369**	63,476	**225,697**	237,454

refers to K.S.F. Enterprises Sdn. Bhd. and its subsidiary, i.e. KSD Enterprises Ltd.
* Supervitamins became a wholly-owned subsidiary of the Company during the current financial year.

19. INVESTMENT IN SUBSIDIARIES (cont'd)

Summarised financial information on subsidiaries with significant non-controlling interests (cont'd)

(ii) Summarised statements of comprehensive income

	Supervitamins * Sdn. Bhd.		Lusaka Holdings Sdn. Bhd.		K.S.F. Enterprises # Sdn. Bhd. Group		Tanjong Puteri Golf Resort Berhad		Total	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000	**2019 RM'000**	2018 RM'000	**2019 RM'000**	2018 RM'000	**2019 RM'000**	2018 RM'000
Revenue	**-**	45,009	**15,087**	14,131	**84,813**	82,382	**17,464**	16,945	**117,364**	158,467
Profit/(Loss) for the year attributable to :										
- owners of the Company	**-**	1,853	**4,777**	4,527	**857**	318	**(3,179)**	(7,642)	**2,455**	(944)
- non-controlling interests	**1,182**	1,235	**1,276**	1,169	**857**	318	**-**	-	**3,315**	2,722
	1,182	3,088	**6,053**	5,696	**1,714**	636	**(3,179)**	(7,642)	**5,770**	1,778
Other comprehensive loss attributable to :										
- owners of the Company	**-**	-	**-**	-	**1,030**	(2,055)	**-**	-	**1,030**	(2,055)
- non-controlling interests	**-**	-	**-**	-	**1,029**	(2,054)	**-**	-	**1,029**	(2,054)
Other comprehensive income/(loss) for the year	**-**	-	**-**	-	**2,059**	(4,109)	**-**	-	**2,059**	(4,109)
Total comprehensive income/(loss) attributable to :										
- owners of the Company	**-**	1,853	**4,777**	4,527	**1,887**	(1,737)	**(3,179)**	(7,642)	**3,485**	(2,999)
- non-controlling interests	**1,182**	1,235	**1,276**	1,169	**1,886**	(1,736)	**-**	-	**4,344**	668
Total comprehensive income/(loss) for the year	**1,182**	3,088	**6,053**	5,696	**3,773**	(3,473)	**(3,179)**	(7,642)	**7,829**	(2,331)

refers to K.S.F. Enterprises Sdn. Bhd. and its subsidiary, i.e. KSD Enterprises Ltd.
* Supervitamins became a wholly-owned subsidiary of the Company during the current financial year.

19. INVESTMENT IN SUBSIDIARIES (cont'd)

Summarised financial information on subsidiaries with significant non-controlling interests (cont'd)

(iii) Summarised statements of cash flows

	Supervitamins * Sdn. Bhd.		Lusaka Holdings Sdn. Bhd.		K.S.F. Enterprises # Sdn. Bhd. Group		Tanjong Puteri Golf Resort Berhad		Total	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000	**2019 RM'000**	2018 RM'000	**2019 RM'000**	2018 RM'000	**2019 RM'000**	2018 RM'000
Net cash generated from operating activities	**-**	793	**7,404**	5,953	**20,308**	13,656	**1,801**	6,970	**29,513**	27,372
Net cash used in investing activities	**-**	(295)	**(5,235)**	(3,651)	**(11,111)**	(10,813)	**(1,217)**	(6,805)	**(17,563)**	(21,564)
Net cash used in financing activities	**-**	(490)	**(1,800)**	(1,800)	**(656)**	-	**(1,093)**	-	**(3,549)**	(2,290)
Net increase/(decrease) in cash and cash equivalents	**-**	8	**369**	502	**8,541**	2,843	**(509)**	165	**8,401**	3,518
Effects of exchange rate changes on cash and cash equivalents	**-**	-	**-**	-	**290**	(349)	**-**	-	**290**	(349)
Cash and cash equivalents at beginning of the year	**-**	16	**750**	248	**7,373**	4,879	**1,241**	1,076	**9,364**	6,219
Cash and cash equivalents at end of the year	**-**	24	**1,119**	750	**16,204**	7,373	**732**	1,241	**18,055**	9,388

\# refers to K.S.F. Enterprises Sdn. Bhd. and its subsidiary, i.e. KSD Enterprises Ltd.
* Supervitamins became a wholly-owned subsidiary of the Company during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. INVESTMENT SECURITIES

	2019		2018	
		Market		Market
	Carrying	**value of**	Carrying	value of
	amount	**investments**	amount	investments
Group	**RM'000**	**RM'000**	RM'000	RM'000
Financial assets at fair value through other comprehensive income				
Equity instruments				
Quoted in Malaysia	**63,275**	**63,275**	63,946	63,946
Quoted outside Malaysia	**306,716**	**306,716**	374,802	374,802
Unquoted in Malaysia	**141**	**141**	141	141
	370,132	**370,132**	438,889	438,889
Financial assets at fair value through profit or loss				
Debt instrument				
Unquoted outside Malaysia	**82,907** *	**82,907**	90,688 *	90,688
Equity instrument				
Unquoted outside Malaysia	**36,027** *	**36,027**	16,004 *	16,004
	118,934	**118,934**	106,692	106,692
	489,066	**489,066**	545,581	545,581
Company				
Financial assets at fair value through other comprehensive income				
Quoted in Malaysia	**60,053**	**60,053**	60,753	60,753
Quoted outside Malaysia	**104,533**	**104,533**	101,846	101,846
Unquoted in Malaysia	**138**	**138**	138	138
	164,724	**164,724**	162,737	162,737

* The unquoted instruments are related to investment in A2I Holdings S.A R.L, ("A2I") a company incorporated in Luxembourg and engaged in investment holdings. The Group's intention is to hold the investment for long term contractual cash flow return. The determination of fair value is described in Note 40 (a).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21. INTANGIBLE ASSETS

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Cost				
At 1 January	**1,900**	1,893	**1,495**	1,495
Addition	**18**	7	**-**	-
At 31 December	**1,918**	1,900	**1,495**	1,495
Accumulated amortisation				
At 1 January	**1,782**	1,653	**1,481**	1,376
Amortisation for the year (Note 7)	**32**	129	**7**	105
At 31 December	**1,814**	1,782	**1,488**	1,481
Net carrying amount				
At 31 December	**104**	118	**7**	14

22. INVENTORIES

(a) Land held for property development

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
2019				
At cost :				
At 1 January 2019	**61,602**	**53,739**	**118,526**	**233,867**
Additions	**77**	**899**	**12,675**	**13,651**
Impairment written back (Note 7)	**-**	**-**	**454**	**454**
Transfer from property, plant and equipment (Note 14)	**1,130**	**-**	**-**	**1,130**
Transfer to property development cost (Note 22(b))	**-**	**(4,068)**	**(12,401)**	**(16,469)**
Transfer to investment properties (Note 15)	**(76)**	**(3,262)**	**(2,814)**	**(6,152)**
At 31 December 2019	**62,733**	**47,308**	**116,440**	**226,481**
2018				
At cost :				
At 1 January 2018	61,728	57,267	123,411	242,406
Additions	1,387	-	5,783	7,170
Impairment loss (Note 7)	-	-	(63)	(63)
Transfer to property development cost (Note 22(b))	(258)	(3,528)	(7,099)	(10,885)
Transfer to investment properties (Note 15)	(1,255)	-	(3,506)	(4,761)
At 31 December 2018	61,602	53,739	118,526	233,867

22. INVENTORIES (cont'd)

(a) Land held for property development (cont'd)

Company	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
2019				
At cost :				
At 1 January 2019	**51,963**	**53,739**	**118,526**	**224,228**
Additions	**77**	**899**	**12,675**	**13,651**
Impairment loss (Note 7)	**-**	**-**	**454**	**454**
Transfer from property, plant and equipment (Note 14)	**1,130**	**-**	**-**	**1,130**
Transfer to property development cost (Note 22(b))	**-**	**(4,068)**	**(12,401)**	**(16,469)**
Transfer to investment properties (Note 15)	**(76)**	**(3,262)**	**(2,814)**	**(6,152)**
At 31 December 2019	**53,094**	**47,308**	**116,440**	**216,842**
2018				
At cost :				
At 1 January 2018	52,089	57,267	123,411	232,767
Additions	1,387	-	5,783	7,170
Impairment loss (Note 7)	-	-	(63)	(63)
Transfer to property development cost (Note 22(b))	(258)	(3,528)	(7,099)	(10,885)
Transfer to investment properties (Note 15)	(1,255)	-	(3,506)	(4,761)
At 31 December 2018	51,963	53,739	118,526	224,228

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22. INVENTORIES (cont'd)

(b) Property development costs

	Group and Company	
	2019	2018
	RM'000	RM'000
At cost :		
At 1 January :		
Freehold land	**329**	100
Leasehold land	**4,180**	2,730
Development costs	**36,240**	11,834
	40,749	14,664
Cost incurred during the year :		
Development costs	**90,361**	64,821
Cost recognised in profit or loss :		
At 1 January	**-**	-
Recognised during the year	**(78,684)**	(49,621)
At 31 December	**(78,684)**	(49,621)
Transfer :		
From land held for property development (Note 22(a))	**16,469**	10,885
To inventory	**(11,813)**	-
	4,656	10,885
Property development costs at 1 January	**40,749**	14,664
Property development costs at 31 December	**57,082**	40,749

23. INVENTORIES - OTHERS

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
At cost :				
Refined oil products	**39,677**	43,302	**26,264**	34,558
Crude palm oil, crude palm kernel oil and palm kernel	**24,299**	14,865	**24,328**	14,597
Spare parts and chemicals	**6,224**	6,352	**4,774**	4,449
Completed properties	**26,190**	23,280	**26,190**	23,280
Food, beverage and utensils	**1,745**	1,715	**-**	-
	98,135	89,514	**81,556**	76,884
At net realisable value :				
Refined oil products	**12,769**	472	**12,453**	269
Completed properties	**2,707**	3,061	**2,707**	3,061
	15,476	3,533	**15,160**	3,330
	113,611	93,047	**96,716**	80,214

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. BIOLOGICAL ASSETS

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
At fair value				
At 1 January	**664**	544	**15**	177
Changes in fair value (Note 7)	**(55)**	120	**10**	(162)
At 31 December	**609**	664	**25**	15

The biological assets of the Group and the Company comprise fresh fruit bunches ("FFB") prior to harvest. The valuation model adopted by the Group and the Company considers the present value of the net cash flows expected to be generated from the sale of FFB. To arrive at the fair value, the management has considered the ripeness of the FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days to harvest is negligible, therefore quantity of ripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 80% of the ripe FFB. Costs to sell include harvesting cost, transport and windfall profit levy.

The fair value measurement of the Group's and Company's biological assets are categorised within Level 3 of the fair value hierarchy. There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Current				
Trade receivables				
Third parties	**55,016**	52,087	**42,880**	38,479
Less: Allowance for impairment	**(2,664)**	(2,648)	**(2,573)**	(2,573)
	52,352	49,439	**40,307**	35,906
Other receivables				
Due from subsidiaries	**-**	-	**196,065**	175,853
Refundable deposits	**3,774**	2,526	**2,474**	1,227
Sundry receivables	**6,644**	10,938	**3,654**	7,734
	10,418	13,464	**202,193**	184,814
Less: Allowance for impairment	**-**	-	**(26,808)**	-
	10,418	13,464	**175,385**	184,814
	62,770	62,903	**215,692**	220,720
Non-current				
Other receivables				
Due from subsidiaries	**-**	-	**299,268**	310,281
Total trade and other receivables	**62,770**	62,903	**514,960**	531,001
Add: Cash and bank balances (Note 29)	**788,723**	714,173	**493,631**	430,085
Total financial assets at amortised cost	**851,493**	777,076	**1,008,591**	961,086

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 30 days (2018 : 14 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000
Neither past due nor impaired	**45,208**	40,870	**37,080**	33,756
1 to 30 days past due not impaired	**4,940**	6,282	**2,498**	1,166
31 to 60 days past due not impaired	**1,627**	1,247	**348**	245
61 to 90 days past due not impaired	**35**	468	**-**	333
91 to 120 days past due not impaired	**391**	572	**381**	406
More than 120 days past due not impaired	**151**	-	**-**	-
	7,144	8,569	**3,227**	2,150
Impaired	**2,664**	2,648	**2,573**	2,573
	55,016	52,087	**42,880**	38,479

Receivables that are impaired

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

	Individually impaired			
	Group		Company	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000
Trade receivables - nominal amounts	**2,664**	2,648	**2,573**	2,573
Less: Allowance for impairment	**(2,664)**	(2,648)	**(2,573)**	(2,573)
	-	-	**-**	-
Movement in allowance accounts:				
At 1 January	**2,648**	2,703	**2,573**	2,573
Charge for the year (Note 7)	**74**	124	**-**	-
Written off	**(58)**	(179)	**-**	-
At 31 December	**2,664**	2,648	**2,573**	2,573

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

25. TRADE AND OTHER RECEIVABLES (cont'd)

(b) Amounts due from subsidiaries

Current

Amounts due from subsidiaries are unsecured and repayable upon demand. Included in the amounts are RM169,211,000 (2018: RM175,815,000) placed in a foreign financial institution under a foreign subsidiary's name.

Non-Current

Amounts due from a subsidiary are unsecured, bears interest ranging from 2.90% to 6.06% per annum (2018: 3.15% to 6.06% per annum) and are not expected to be repaid within the next twelve months.

	Individually impaired Company	
	2019	2018
	RM'000	RM'000
Movement in allowance accounts:		
At 1 January	**-**	-
Charge for the year (Note 7)	**26,808**	-
At 31 December	**26,808**	-

26. OTHER CURRENT ASSETS

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Prepayments	**7,082**	7,187	**4,388**	4,414
Deposits paid	**4,409**	2,461	**4,409**	2,461
Accrued billings in respect of property development costs	**39,772**	28,243	**39,772**	28,243
Consideration paid/payable to customers	**3,496**	3,519	**3,496**	3,519
Contract assets (Note 4.1)	**43,268**	31,762	**43,268**	31,762
	54,759	41,410	**52,065**	38,637

Consideration paid/payable to customers is relating to discounts given and free legal fees incurred to secure sales of property units and are recognised in profit or loss over time based on the input method.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. DERIVATIVES

	2019		2018	
	Contract/ Notional Amount RM'000	**Assets/ (Liabilities) RM'000**	Contract/ Notional Amount RM'000	Assets/ (Liabilities) RM'000
Group				
Non-hedging derivatives: Current				
Forward currency contracts	**-**	**-**	1,000	45
Company				
Non-hedging derivatives: Current				
Forward currency contracts	**-**	**-**	1,000	45

The Group and the Company use forward currency contracts to manage some of the exposure of foreign currency transactions. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to reduce the level of foreign currency risk for the Group's and the Company's sales denominated in USD for which there were no firm outstanding commitments as at the reporting date. As at 31 December 2018, firm commitments existed were extending to January 2019.

28. SHORT TERM FUNDS

	Group		Company	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000
Money market funds, at fair value through profit or loss	**217,225**	222,213	**54,861**	76,378

Money market funds earn interest at floating rates based on daily bank deposit rates. Money market funds are highly liquid and readily convertible to cash.

The weighted average effective interest rate of the investments as at the reporting date for the Group and the Company were 3.10% per annum (2018: 3.36% per annum) and 2.82% per annum (2018: 3.17% per annum) respectively. The maturities of the investments as at the reporting date for the Group and the Company were ranging from 1 to 31 days (2018: 1 to 31 days) and 1 day (2018: 1 day) respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. CASH AND BANK BALANCES

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Cash at banks and on hand	**156,325**	130,035	**87,683**	50,578
Deposits with:				
Licensed banks	**309,109**	307,614	**149,271**	145,880
Foreign financial institutions	**323,289**	276,524	**256,677**	233,627
Cash and bank balances (Note 25)	**788,723**	714,173	**493,631**	430,085

Included in cash and bank balances of the Group and of the Company is an amount of RM49,033,000 (2018: RM40,671,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966, and are restricted from use in other operations.

Short-term deposits are made for varying periods of between one to twelve months depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2019 for the Group and the Company were 1.90% per annum (2018: 1.97% per annum) and 2.00% per annum (2018: 2.19% per annum) respectively.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at each reporting date:

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Cash and bank balances	**788,723**	714,173	**493,631**	430,085
Less:				
Bank overdrafts (Note 30)	**(36,586)**	(7,043)	**(36,586)**	(7,043)
Deposits with licensed banks with maturity more than three months	**(151,794)**	(141,588)	**(139,299)**	(136,267)
Cash and cash equivalents	**600,343**	565,542	**317,746**	286,775

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. LOANS AND BORROWINGS

		Group		Company	
		2019	2018	**2019**	2018
	Maturity	**RM'000**	RM'000	**RM'000**	RM'000
Current					
Unsecured:					
Bank overdrafts (Note 29)	On demand	**36,586**	7,043	**36,586**	7,043
Secured:					
Notes payable	2020	**198,977**	12,277	**-**	-
		235,563	19,320	**36,586**	7,043
Non-Current					
Secured:					
Notes payable	2020	**-**	212,770	**-**	-
Total loans and borrowings (Note 31)		**235,563**	232,090	**36,586**	7,043

The remaining maturities of the loans and borrowings as at 31 December 2019 and 2018 are as follows:-

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
On demand or within 1 year	**235,563**	19,320	**36,586**	7,043
More than 1 year and less than 5 years	**-**	212,770	**-**	-
	235,563	232,090	**36,586**	7,043

<u>Bank overdrafts</u>
Bank overdrafts were denominated in RM and bore interest at BLR + 0.75% (2018: BLR + 0.75%) per annum.

<u>Notes payable</u>
The notes payable of certain subsidiary companies bear interest ranging from LIBOR + 1.03% - 1.05% (2018: LIBOR + 1.03% - 1.05%) per annum and mature in July 2020. The loans are secured by corporate guarantee from the Company and are collateralized by the Deed of Trust over the subsidiaries' property, plant and equipment amounting to RM374,314,000 (2018: RM435,418,000) as disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000
Current				
Trade payables				
Third parties	**78,079**	62,530	**73,378**	58,172
Due to a subsidiary	**-**	-	**61,793**	62,719
	78,079	62,530	**135,171**	120,891
Other payables				
Accruals	**28,263**	25,471	**9,625**	8,096
Sundry payables	**28,675**	18,336	**15,420**	9,343
Refundable deposits	**5,730**	4,679	**918**	136
Due to a subsidiary	**-**	-	**-**	1
	62,668	48,486	**25,963**	17,576
Total: Current	**140,747**	111,016	**161,134**	138,467
Non-current				
Trade payables				
Retention sum	**8,322**	3,630	**8,322**	3,630
Other payables				
Refundable deposits	**4,048**	3,110	**2,128**	1,226
Total: Non-current	**12,370**	6,740	**10,450**	4,856
Total trade and other payables	**153,117**	117,756	**171,584**	143,323
Add: Loans and borrowings (Note 30)	**235,563**	232,090	**36,586**	7,043
Total financial liabilities carried at amortised cost	**388,680**	349,846	**208,170**	150,366

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 45 days (2018: 30 to 45 days) terms.

(b) Other payables

Other payables are non-interest bearing and are normally settled on 30 to 60 days (2018: 30 to 60 days) terms.

(c) Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. OTHER CURRENT LIABILITIES

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Contract liabilities (Note 4.1)				
- Progress billings in respect of property development cost	**-**	2,345	**-**	2,345
Deposits received from tenants	**537**	924	**223**	724
	537	3,269	**223**	3,069

33. LEASE LIABILITIES

The Group's lease liabilities is for land which is being used as a parking lot. The lease expires in 2020 and the lease contains no renewal option.

	Group	
	2019	2018
	RM'000	RM'000
Lease liability		
Current	**707**	-

The movement of lease liabilities during the financial year is as follows:

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	**-**	-
Effect of MFRS 16 Lease adoption (Note 2.2)	**1,324**	-
At 1 January (Adjusted)	**1,324**	-
Interest expense on lease liabilities (Note 7)	**74**	-
Payments of:		
- Principal	**(655)**	-
- Interest (Note 7)	**(74)**	-
Exchange differences	**38**	-
At 31 December	**707**	-

34. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2019	2018	**2019**	2018
	'000	'000	**RM'000**	RM'000
Issued and fully paid :				
At 1 January/31 December	**361,477**	361,477	**372,005**	372,005

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

35. OTHER RESERVES

The nature and purpose of each category of reserves are as follows:

Non-distributable reserves

(a) Fair value reserve
Fair value reserve represents the cumulative fair value changes, net of tax, of fair value through other comprehensive income financial assets until they are disposed of.

(b) Revaluation reserve
This reserve includes the cumulative net change in fair value of freehold estates and leasehold estates, net of taxes.

(c) Translation reserve
The translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Treasury shares
Treasury shares relate to ordinary shares of the Company that are reacquired and held by the Company. The amount consists of acquisition costs.

The shareholders of the Company, by an ordinary resolution passed in an Annual General Meeting held on 30 May 2019, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 127(6) of the Companies Act 2016.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

In the previous financial year, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM4.17 per share including transaction costs. The total consideration paid for the repurchase including transaction cost was RM41,736.

Of the total 361,477,000 (2018: 361,477,000) issued and fully paid ordinary shares, 2,174,000 (2018: 2,174,000) are held as treasury shares by the Company. The number of outstanding ordinary shares after set-off is 359,303,000 (2018: 359,303,000) ordinary shares.

36. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2019 under the single tier system.

37. DEFERRED TAXATION

Deferred income tax as at 31 December relates to the following:

Group	As at 1 January 2018 RM'000	Recognised in profit or loss (Note 11) RM'000	Exchange differences RM'000	As at 31 December 2018 RM'000	Recognised in profit or loss (Note 11) RM'000	Exchange differences RM'000	As at 31 December 2019 RM'000
Deferred tax liabilities:							
Property, plant and equipment and investment properties	19,543	412	334	20,289	(937)	(165)	19,187
Bearer plants	1,966	507	-	2,473	1,257	-	3,730
Biological assets	131	29	-	160	(13)	-	147
Land use rights/Right-of-use assets	2,184	(43)	-	2,141	(43)	-	2,098
Inventories - land held for property development	1,332	(44)	-	1,288	(28)	-	1,260
Receivables	8	4,101	53	4,162	(2,169)	(21)	1,972
Derivatives	50	(39)	-	11	(11)	-	-
Others	44	285	-	329	32	-	361
	25,258	5,208	387	30,853	(1,912)	(186)	28,755
Deferred tax assets:							
Unutilised tax loss of a foreign subsidiary	-	-	-	-	(13,052)	52	(13,000)
Receivables	(5,921)	5,917	-	(4)	(541)	-	(545)
Unutilised tax losses, investment tax, allowances and capital allowances	(898)	(310)	-	(1,208)	1,208	-	-
Provisions	(3,328)	761	(8)	(2,575)	(44)	4	(2,615)
Inventories - others	(1,639)	245	-	(1,394)	132	-	(1,262)
Inventories - land held for property development	-	-	-	-	(17,525)	-	(17,525)
Other payables	(450)	(31)	(8)	(489)	(31)	5	(515)
	(12,236)	6,582	(16)	(5,670)	(29,853)	61	(35,462)
	13,022	11,790	371	25,183	(31,765)	(125)	(6,707)

Group	2019 RM'000	2018 RM'000
Presented after appropriate offsetting as follows :		
Deferred tax assets	(14,928)	-
Deferred tax liabilities	8,221	25,183
	(6,707)	25,183

37. DEFERRED TAXATION (cont'd)

Company	As at 1 January 2018 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2013 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2019 RM'000
Deferred tax liabilities:					
Property, plant and equipment	3,246	(310)	2,936	(204)	2,732
Bearer plants	113	466	579	1,218	1,797
Biological assets	43	(39)	4	3	7
Inventories - land held for property development	1,331	(43)	1,288	(28)	1,260
Receivables	-	2,218	2,218	(2,218)	-
Derivatives	50	(38)	12	(11)	1
Others	-	285	285	32	317
	4,783	2,539	7,322	(1,208)	6,114
Deferred tax assets:					
Provisions	(3,084)	724	(2,360)	12	(2,348)
Receivables	(5,919)	5,919	-	(540)	(540)
Inventories - others	(796)	66	(730)	101	(629)
Inventories - land held for property development	-	-	-	(17,525)	(17,525)
Unutilised tax losses	(898)	(310)	(1,208)	1,208	-
	(10,697)	6,399	(4,298)	(16,744)	(21,042)
	(5,914)	8,938	3,024	(17,952)	(14,928)

Company	2019 RM'000	2018 RM'000
Presented after appropriate offsetting as follows :		
Deferred tax assets	(14,928)	-
Deferred tax liabilities	-	3,024
	(14,928)	3,024

As at 31 December 2019, deferred tax assets of approximately RM18,308,000 (2018 : RM18,175,000) arising principally from the unabsorbed tax losses and capital allowances of subsidiaries have not been recognised for the Group as it is not probable that the subsidiaries concerned will have sufficient future taxable profits available to utilise and realise the unabsorbed tax losses and capital allowances.

38. COMMITMENTS

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
(a) Capital expenditures :				
Approved and contracted for				
- property, plant and equipment	**7,665**	6,969	**2,882**	358
- investment properties	**28,204**	183	**28,075**	-
	35,869	7,152	**30,957**	358
(b) Future minimum rentals receivable:				
Within one year	**22,371**	17,870	**7,090**	2,983
Within two to five years	**17,550**	11,349	**6,219**	3,067
After five years	**354**	491	**349**	491
	40,275	29,710	**13,658**	6,541

(c) Management and franchise license agreement

(i) KSG Enterprises Ltd. ("KSG") has an agreement with DoubleTree Management LLC. Under the agreement, KSG is required to pay a base management fee and incentive fee.

(ii) KSNY Enterprises Ltd. ("KSNY") has an agreement with SpringHill FMC,LLC. Under the agreement, KSNY is required to pay a base management fee and incentive fee.

(iii) KSD Enterprises Ltd. ("KSD") has a franchise license agreement with Global Hospitality Licensing S.A R.L. to operate a Delta Hotel and Resorts Canadian franchise which allows the hotel to use the brand name of Delta at a fee mutually agreed by both parties.

39. RELATED PARTY DISCLOSURES

Sale and purchase of goods and services

In addition to the related party balances disclosed in Notes 25 and 31, the following related party transactions between the Company and related parties that took place at terms agreed between the parties during the financial year :

	Company	
	2019	2018
	RM'000	RM'000
Subsidiaries:		
Purchases	**33,868**	44,962
Sales	**41,009**	53,158
Rental income	**1,232**	1,458
Gross dividends	**8,469**	10,853
Interest income	**9,881**	8,479
Management fees	**1,192**	714

NOTES TO THE FINANCIAL STATEMENTS [cont'd]
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39. RELATED PARTY DISCLOSURES (cont'd)

Sale and purchase of goods and services (cont'd)

Significant transactions with Keck Seng (Singapore) Private Limited, a company in which directors namely, Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock, Ho Eng Chong @ Ho Kian Cheong and Chan Lui Ming Ivan, have interest, undertaken during the financial year were as follows :

	Group and Company	
	2019	2018
	RM'000	RM'000
Commission on sales and purchases (Note 7)	**4,969**	5,501

During the year, consultancy fees amounting to RM1,091,000 (2018: RM734,000) was paid by a foreign subsidiary to an entity related to a Director of the foreign subsidiary.

Brosna Limited, a subsidiary of the Company, had during prior year entered into a subscription agreement with third party investors and the following related parties to invest in A2I Holdings S.A R.L at initial cost of RM108,710,000 (EUR23,025,000):

- Keck Seng Investment (Hong Kong) Limited, a company in which directors namely, Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock, Ho Eng Chong @ Ho Kian Cheong, have interest; and

- Ho Kim Swee @ Ho Kian Guan, a director of the Company

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current and non-current)	25
Short term funds (current)	28
Trade and other payables (current and non-current)	31
Loans and borrowings (current and non-current)	30

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values due to their relative short maturity periods.

The carrying amounts of the current portion of floating rate loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of non-current portion of floating rate loans and borrowings are reasonable approximation of fair values as the interest charge on these loans and borrowings are close to market interest rates near or at reporting date.

Quoted equity instruments

The fair value of quoted equity instruments is determined directly by reference to their published market closing bid price at the reporting date.

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(a) Determination of fair value (cont'd)

Unquoted equity and debt instruments

Included in the unquoted equity and debt instruments of RM36,027,000 (2018: RM16,004,000) and RM82,907,000 (2018: 90,688,000) are the unquoted investment of A2I acquired in 2018. As A2I is not publicly traded, its fair value is determined based on its adjusted net assets value applying a discount rate for lack of control and marketability obtained from a recent transaction.

Information on fair value measurement of the above unquoted equity and debt instruments are as follows:

a) Valuation techniques: Adjusted net assets value

b) Significant unobservable input:
   (i) Valuation of underlying hotel assets by using income approach;
   (ii) Discount for lack of control and marketablity: 18.3%

c) Sensitivity to change in significant unobservable inputs: the estimated fair value would increase if the underlying assets' value is higher; or the discount for the marketablity is lower.

The fair value measurement is positively correlated to the underlying assets' values. As at 31 December 2019, it is estimated that with other variables held constant, an increase/decrease in 5% of underlying assets' prices or values would have increased/decreased the Group's profit by RM5,947,000. The fair value measurement is negatively correlated to the discount for lack of control and marketability. As at 31 December 2019, it is estimated that with other variables held constant, a decrease/increase in discount for lack of control and marketability by 1% would have increased/decreased the Group's profit by RM1,189,000.

The Group had in the previous year measured the fair value based on the acquisition cost since the transaction was only completed in May 2018 and there were also no significant changes in the performance, market and economic environment of which the investee operated in 2018.

Short term funds

The short term funds for money market funds are valued using a valuation technique with market observable inputs.

Derivatives

The derivative for forward currency contracts are valued using a valuation technique with market observable inputs. During the year, there was no outstanding forward currency contracts.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value hierarchy

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

At 31 December 2019

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
Assets measured at fair value				
Fair value through other comprehensive income				
- Equity instruments				
(quoted in Malaysia)	63,275	63,275	-	-
(quoted outside Malaysia)	306,716	306,716	-	-
(unquoted in Malaysia)	141	-	-	141
Fair value through profit or loss				
- Debt instrument (unquoted outside Malaysia)	82,907	-	-	82,907
- Equity instrument (unquoted outside Malaysia)	36,027	-	-	36,027
- Short term funds (money market funds)	217,225	-	217,225	-
	706,291	369,991	217,225	119,075
Company				
Assets measured at fair value				
Fair value through other comprehensive income				
- Equity instruments				
(quoted in Malaysia)	60,053	60,053	-	-
(quoted outside Malaysia)	104,533	104,533	-	-
(unquoted in Malaysia)	138	-	-	138
Fair value through profit or loss				
- Short term funds (money market funds)	54,861	-	54,861	-
	219,585	164,586	54,861	138

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value hierarchy (cont'd)

At 31 December 2018

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
Assets measured at fair value				
Fair value through other comprehensive income				
- Equity instruments				
(quoted in Malaysia)	63,946	63,946	-	-
(quoted outside Malaysia)	374,802	374,802	-	-
(unquoted in Malaysia)	141	-	-	141
Fair value through profit or loss				
- Debt instrument				
(unquoted outside Malaysia)	90,688	-	-	90,688
- Equity instrument				
(unquoted outside Malaysia)	16,004	-	-	16,004
- Short term funds				
(money market funds)	222,213	-	222,213	-
- Derivatives	45	-	45	-
	767,839	438,748	222,258	106,833
Company				
Assets measured at fair value				
Fair value through other comprehensive income				
- Equity instruments				
(quoted in Malaysia)	60,753	60,753	-	-
(quoted outside Malaysia)	101,846	101,846	-	-
(unquoted in Malaysia)	138	-	-	138
Fair value through profit or loss				
- Short term funds				
(money market funds)	76,378	-	76,378	-
- Derivatives	45	-	45	-
	239,160	162,599	76,423	138

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors decides and reviews policies and procedures for the management of these risks and the Group's policy is not to engage in speculative transactions.

It is and has been the Group's policy throughout the current and previous financial year that no derivatives be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

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

The Group and the Company had no substantial long-term interest-bearing assets as at 31 December 2019. The investment in financial assets are mainly short term in nature and have been mostly placed in fixed deposits, marketable securities or occasionally, in short term commercial papers which yield better returns than cash at bank.

The Group's and the Company's primary interest rate risk relates to interest-bearing borrowings and money market. The Group and the Company manage its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. Interest on financial instruments subject to floating interest rates is contractually repriced at intervals determined by the financial institutions. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Interest rate risk (cont'd)

The table below shows the carrying amount and interest rate profile of the interest bearing financial instruments of the Group and the Company as at the reporting date:

	Note	2019 RM'000	2018 RM'000
Group			
Fixed rate instruments			
Deposits with banks and foreign financial institutions	29	**632,398**	584,138
Floating rate instruments			
Money market funds	28	**217,225**	222,213
Bank overdrafts	30	**(36,586)**	(7,043)
Notes Payable	30	**(198,977)**	(225,047)
		(18,338)	(9,877)
Company			
Fixed rate instruments			
Deposits with banks and foreign financial institutions	29	**405,948**	379,507
Floating rate instruments			
Money market funds	28	**54,861**	76,378
Bank overdrafts	30	**(36,586)**	(7,043)
		18,275	69,335

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the impact to the Group's and the Company's profit net of tax is RM189,000 (2018 : RM65,000) and RM98,000 (2018 : RM97,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Foreign currency risk

The net unhedged financial assets and liabilities of the Group and Company that are not denominated in their functional currencies are as follows:

Group	Euro Dollar ("EUR") RM'000	Canadian Dollar ("CAD") RM'000	Singapore Dollar ("SGD") RM'000	United States Dollar ("USD") RM'000	Hong Kong Dollar ("HKD") RM'000	Total RM'000
2019						
Financial assets						
Trade receivables	**-**	**-**	**6**	**14,594**	**-**	**14,600**
Cash and bank balances	**177**	**8,317**	**270,760**	**381,029**	**-**	**660,283**
Financial liabilities						
Trade and other payables	**-**	**-**	**(198)**	**(6,261)**	**-**	**(6,459)**
Net financial assets, representing net exposure	**177**	**8,317**	**270,568**	**389,362**	**-**	**668,424**
2018						
Financial assets						
Trade receivables	-	-	-	10,605	-	10,605
Cash and bank balances	2,823	4,192	226,023	408,133	1,630	642,801
Short term funds	-	-	52,557-	-	-	52,557
Financial liabilities						
Trade and other payables	(3)	-	(123)	(311)	-	(437)
Net financial assets	2,820	4,192	278,457	418,427	1,630	705,526
Less : Forward currency contracts	-	-	-	(4,146)	-	(4,146)
Net exposure	2,820	4,192	278,457	414,281	1,630	701,380

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Foreign currency risk (cont'd)

The net unhedged financial assets and liabilities of the Group and Company that are not denominated in their functional currencies are as follows: (cont'd)

Company	Euro Dollar ("EUR") RM'000	Canadian Dollar ("CAD") RM'000	Singapore Dollar ("SGD") RM'000	United States Dollar ("USD") RM'000	Hong Kong Dollar ("HKD") RM'000	Total RM'000
2019						
Financial assets						
Trade receivables	**-**	**-**	**-**	**13,402**	**-**	**13,402**
Due from subsidiaries	**-**	**-**	**-**	**169,212**	**285,625**	**454,837**
Cash and bank balances	**-**	**-**	**248,610**	**180,873**	**-**	**429,483**
Financial liabilities						
Trade and other payables	**-**	**-**	**(198)**	**(6,261)**	**-**	**(6,459)**
Net financial assets, representing net exposure	**-**	**-**	**248,412**	**357,226**	**285,625**	**891,263**
2018						
Financial assets						
Trade receivables	-	-	-	8,249	-	8,249
Due from subsidiaries	-	-	-	175,815	278,323	454,138
Cash and bank balances	-	-	210,718	165,858	-	376,576
Financial liabilities						
Trade and other payables	(3)	-	(123)	(311)	-	(437)
Net financial assets	(3)	-	210,595	349,611	278,323	838,526
Less : Forward currency contracts	-	-	-	(4,146)	-	(4,146)
Net exposure	(3)	-	210,595	345,465	278,323	834,380

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and Company's profit/(loss) net of tax resulting from change in the exchange rates of USD, SGD, HKD, EUR and CAD against the functional currency of the Group entities since the financial year end until the most practical date of completion of this report.

			Profit/(Loss) net of tax			
			Group		Company	
	2019	2018	2019	2018	2019	2018
	strengthened/(weakened)		RM'000	RM'000	RM'000	RM'000
USD/RM	**2.7**	(1.7)	**7,931**	(5,321)	**7,276**	(4,437)
SGD/RM	**(0.7)**	(0.9)	**(1,522)**	(1,926)	**(1,397)**	(1,456)
HKD/RM	**2.6**	(1.9)	**-**	(24)	**5,644**	(4,040)
EUR/RM	**(2.4)**	(2.7)	**(3)**	(58)	**-**	-
CAD/RM	**0.1**	(0.6)	**7**	17	**-**	-
Total			**6,413**	(7,310)	**11,523**	(9,933)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations arising principally from payables and borrowings due to shortage of funds.

As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents and stand-by credit facilities from financial institutions to meet its working capital requirements and to achieve overall cost effectiveness.

The following table indicates the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on undiscounted contractual payments:

2019	**Note**	**On demand or within 1 year RM'000**	**1 - 5 years RM'000**	**> 5 years RM'000**	**Total RM'000**
Group					
Financial liabilities:					
Trade and other payables	**31**	**140,747**	**12,370**	**-**	**153,117**
Loans and borrowings		**238,367**	**-**	**-**	**238,367**
Lease liabilities	**33**	**707**	**-**	**-**	**707**
Total undiscounted financial liabilities		**379,821**	**12,370**	**-**	**392,191**
Company					
Financial liabilities:					
Trade and other payables	**31**	**99,341**	**10,450**	**-**	**109,791**
Due to subsidiaries	**31**	**61,793**	**-**	**-**	**61,793**
Loans and borrowings		**36,586**	**-**	**-**	**36,586**
Total undiscounted financial liabilities		**197,720**	**10,450**	**-**	**208,170**

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Liquidity risk (cont'd)

2018	Note	On demand or within 1 year RM'000	1 - 5 years RM'000	> 5 years RM'000	Total RM'000
Group					
Financial liabilities:					
Trade and other payables	31	111,016	6,740	-	117,756
Loans and borrowings		19,320	213,777	-	233,097
Total undiscounted financial liabilities		130,336	220,517	-	350,853
Company					
Financial liabilities:					
Trade and other payables	31	75,748	4,856	-	80,604
Due to subsidiaries	31	62,719	-	-	62,719
Loans and borrowings		7,043	-	-	7,043
Total undiscounted financial liabilities		145,510	4,856	-	150,366

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

At the reporting date, the Company did not have any significant concentration of credit risk that may arise from exposure to a single debtor or to Company of debtors.

The ageing analysis of receivables which are trade in nature is disclosed in Note 25. Short-term funds, short-term deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable banks and financial institutions with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive values and the following corporate guarantee :

	Company	
	2019	2018
	RM'000	RM'000
Corporate guarantees for borrowing facilities granted by financial institutions to subsidiaries	**198,977**	225,047

Financial guarantees have not been recognised in the financial statements as the directors are of the opinion that the fair value on initial recognition was not material and that it is not probable that a future sacrifice of economic benefits will be required.

Credit risk concentration profile

The Group and the Company determine concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2019		2018	
	RM'000	**% of total**	RM'000	% of total
By country:				
Malaysia	**34,002**	**62**	35,373	68
Singapore	**13,409**	**24**	6,244	12
Other countries	**7,605**	**14**	10,470	20
	55,016	**100**	52,087	100
By industry sectors:				
Manufacturing	**30,901**	**56**	34,137	66
Property development and investment	**16,917**	**31**	11,054	21
Hotel and resort	**7,198**	**13**	6,896	13
	55,016	**100**	52,087	100

	Company			
	2019		2018	
	RM'000	**% of total**	RM'000	% of total
By country:				
Malaysia	**29,471**	**69**	30,229	79
Singapore	**13,409**	**31**	6,244	16
Other countries	**-**	**-**	2,006	5
	42,880	**100**	38,479	100
By industry sectors:				
Manufacturing	**26,047**	**61**	27,500	71
Property development and investment	**16,833**	**39**	10,979	29
	42,880	**100**	38,479	100

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price (other than interest or exchange rate).

The Group is exposed to equity price risk arising from its investments in quoted equity instruments quoted in Bursa Malaysia, SGX in Singapore, HKEx in Hong Kong, NYSE and NASDAQ in United States of America and EURONEXT Paris in France. These instruments are classified as available for sale financial assets.

The Group's objective is to invest in investment grade shares with steady dividend yield. At the reporting date, the Group's equity portfolio consists of primarily investment grade shares.

Sensitivity analysis for equity price risk

If the FTSE Bursa Malaysia KLCI, STI in Singapore, HSI in Hong Kong, DJI in United States of America, FCHI in France were to change by 17%, 20%, 17%, 13%, and 20% (2018: 9%, 9%, 8%, 3%, and 0%) respectively with all other variables held constant, the effects on other comprehensive income for the Group would have been as follows:

	Group		**Company**	
	2019	2018	**2019**	2018
Other comprehensive income	**RM'000**	RM'000	**RM'000**	RM'000
Listed in Malaysia				
- increased by	**10,757**	5,755	**10,209**	5,468
- decreased by	**(10,757)**	(5,755)	**(10,209)**	(5,468)
Listed in Singapore				
- increased by	**20,900**	8,190	**15,375**	5,754
- decreased by	**(20,900)**	(8,190)	**(15,375)**	(5,754)
Listed in Hong Kong				
- increased by	**32,479**	21,174	**2,804**	1,503
- decreased by	**(32,479)**	(21,174)	**(2,804)**	(1,503)
Listed in United States of America				
- increased by	**828**	442	**828**	442
- decreased by	**(828)**	(442)	**(828)**	(442)
Listed in France				
- increased by	**960**	-	**960**	-
- decreased by	**(960)**	-	**(960)**	-

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(f) Changes in liabilities arising from financing activities

	Group	
	2019 RM'000	2018 RM'000
At 1 January 2019**/2018*^	**225,047**	241,379
Cash flows:		
- Repayments of loans and borrowings	**(24,337)**	(11,941)
- Advances from shareholders of a subsidiary	**-**	(9,697)
Deferred loan costs	**587**	658
Foreign exchange movement	**(2,320)**	4,648
At 31 December 2019**/2018**	**198,977**	225,047

* Net of cross currency swap contract and exclude bank overdrafts
^ Include sundry payables in relation to amount payable to shareholders of a subsidiary
** Exclude bank overdrafts

42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in line with the changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Funds in excess of working capital requirement will be placed with financial institutions in short term interest bearing financial instruments to maximise interest income.

Certain subsidiaries of the Group were subject to certain financial covenants imposed by the lenders. The subsidiaries had met the required financial covenants by maintaining their debt service coverage ratio by above 1.3 and alternatively, by depositing a cash collateral. The loan balances were also kept to below 50% to 60% of the value of the hotel properties during the financial year.

The Group monitors capital using the debt-to-equity ratio. The debt-to-equity ratios at 31 December 2019 and at 31 December 2018 were as follows:

	Group	
	2019 RM'000	2018 RM'000
Total loans and borrowings (Note 30)	**235,563**	232,090
Lease liabilities (Note 33)	**707**	-
Less: Cash and bank balances (Note 29)	**(788,723)**	(714,173)
Net debt/(surplus)	**(552,453)**	(482,083)
Total equity	**2,391,752**	2,395,528
Debt-to-equity ratio (times)	**N/A**	N/A

43. SEGMENT INFORMATION

(a) Business segments:

The Group is organised on a worldwide basis into four major business segments :

(i) Manufacturing - processing and marketing of refined palm oil products;

(ii) Hotels and resort - operations of hotels and golf resort;

(iii) Property - property development and investment; and

(iv) Plantations - cultivation of oil palm.

Other business segments comprise mainly of share investment holding.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

2019	Manufacturing RM'000	Hotels and resort RM'000	Property development and investment RM'000	Plantations RM'000	Share investment holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE AND EXPENSES								
Revenue								
- External sales	525,883	256,375	184,184	-	12,164	-	-	978,606
- Intra/inter-segment sales	57,924	-	1,232	18,134	8,469	-	(85,759)	-
Total revenue	583,807	256,375	185,416	18,134	20,633	-	(85,759)	978,606
Results								
Operating results	21,180	(31,869)	64,832	(494)	14,498	3,284	18,383	89,814
Foreign exchange loss	-	-	-	-	-	(1,582)	15	(1,567)
Finance costs	(356)	(721)	-	-	(8,807)	(8,265)	9,884	(8,265)
Interest income	-	-	-	-	-	31,665	(9,881)	21,784
Profit before tax	20,824	(32,590)	64,832	(494)	5,691	25,102	18,401	101,766
Income tax expense								(10,125)
Profit net of tax								91,641

43. SEGMENT INFORMATION (cont'd)

2019	Manufacturing RM'000	Hotels and resort RM'000	Property development and investment RM'000	Plantations RM'000	Share investment holding RM'000	Eliminations RM'000	Consolidated RM'000
ASSETS AND LIABILITIES							
Segment assets	**232,078**	**501,224**	**676,615**	**168,456**	**1,121,463**	**80,970**	**2,780,806**
Unallocated assets							**15,122**
Consolidated total assets							**2,795,928**
Segment liabilities	**85,847**	**232,265**	**69,802**	**2,554**	**23**	**250**	**390,741**
Unallocated liabilities							**13,435**
Consolidated total liabilities							**404,176**
OTHER INFORMATION							
Capital expenditure	**4,531**	**14,881**	**9,478**	**6,038**	**-**	**-**	**34,928**
Depreciation	**4,688**	**29,337**	**4,987**	**1,030**	**-**	**-**	**40,042**
Amortisation	**15**	**17**	**-**	**-**	**-**	**-**	**32**
Impairment loss on trade receivables	**-**	**69**	**5**	**-**	**-**	**-**	**74**
Impairment loss on property, plant and equipment	**-**	**45,401**	**-**	**-**	**-**	**-**	**45,401**
Fair value gain on financial assets at fair value through profit or loss	**-**	**-**	**-**	**-**	**(21,735)**	**-**	**(21,735)**

2018	Manufacturing RM'000	Hotels and resort RM'000	Property development and investment RM'000	Plantations RM'000	Share investment holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE AND EXPENSES								
Revenue								
- External sales	590,854	250,152	115,065	-	11,206	-	-	967,277
- Intra/inter-segment sales	80,881	-	1,458	22,560	10,853	-	(115,752)	-
Total revenue	671,735	250,152	116,523	22,560	22,059	-	(115,752)	967,277
Results								
Operating results	9,637	10,900	30,728	1,336	23,932	(4,076)	(5,684)	66,773
Foreign exchange gain	-	-	-	-	-	(9,127)	(343)	(9,470)
Finance costs	(490)	(475)	-	-	(7,474)	(8,488)	8,439	(8,488)
Interest income	-	-	-	-	-	29,185	(8,479)	20,706
Profit before tax	9,147	10,425	30,728	1,336	16,458	7,494	(6,067)	69,521
Income tax expense								(30,352)
Profit net of tax								39,169

43. SEGMENT INFORMATION (cont'd)

2018	Manufacturing RM'000	Hotels and resort RM'000	Property development and investment RM'000	Plantations RM'000	Share investment holding RM'000	Eliminations RM'000	Consolidated RM'000
ASSETS AND LIABILITIES							
Segment assets	216,457	563,850	620,046	157,340	1,129,719	82,554	2,769,966
Unallocated assets							5,562
Consolidated total assets							2,775,528
Segment liabilities	38,921	251,415	60,490	2,936	23	250	354,035
Unallocated liabilities							25,965
Consolidated total liabilities							380,000
OTHER INFORMATION							
Capital expenditure	4,811	22,638	17,904	3,482	-	-	48,835
Depreciation	4,916	27,436	4,424	853	-	-	37,629
Amortisation	113	16	-	295	-	-	424
Impairment loss/(write back) on trade receivables	-	170	(46)	-	-	-	124
Net fair value loss on derivatives	160	-	-	-	-	-	160

(b) Geographical segments:

The Group's four major business segments are operated in five principal geographical areas of the world. In Malaysia, its home country, the areas of operation are principally manufacturing, plantations, property development and investment, golf resort and share investment holding. Areas of operation in other countries are as follows:

Singapore	- investment holding
Hong Kong	- investment holding
Canada	- operation of hotel
United States of America	- operation of hotel

	Malaysia		Singapore		Hong Kong		Canada		United States of America		Consolidated	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000	**2019 RM'000**	2018 RM'000	**2019 RM'000**	2018 RM'000	**2019 RM'000**	2018 RM'000	**2019 RM'000**	2018 RM'000
Gross revenue	**733,242**	728,452	**1,477**	1,402	**4,976**	4,216	**84,813**	82,382	**154,098**	150,825	**978,606**	967,277
Segment assets	**1,763,644**	1,637,381	**187,564**	193,093	**339,617**	382,485	**88,448**	77,887	**416,655**	484,682	**2,795,928**	2,775,528
Capital expenditure	**21,272**	33,460	**-**	-	**-**	-	**11,226**	10,873	**2,430**	4,502	**34,928**	48,835

44. SUBSEQUENT EVENT

The recent outbreak of COVID-19 around the world, has disrupted many business operations and has adversely impacted global commercial activity. The countries where the Group has operations, Malaysia, Singapore, United States of America and Canada, have taken varied measures to curb the COVID-19 outbreak. The occurrence of the COVID-19 outbreak is not an adjusting post balance sheet event. As the outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact on business and the economy.

In line with the government's directive, the Group's hotel operations in Hawaii, New York and Toronto are temporarily suspended until further notice. The closure of the aforesaid hotels is also one of the measures to protect the guests and employees, support social distancing and control costs. It is currently unknown when operations are planned to resume.

For Tanjong Puteri Golf Resort in Johor, it continues to service guests who are staying at the resort prior to the Movement Control Order ("MCO") imposed by the Government of Malaysia. Other than the Sport and Recreation, the non-essential resort services and facilities that were suspended in accordance with the MCO previously, have been resumed on 5 May 2020 after the Conditional Movement Control Order ("CMCO") became effective.

Overall, these factors will reduce the net cash flows generated and financial performance of the Hotel and Resort Segment for 2020. The Group has also reviewed the cash flow requirement for these hotels and resort for 2020. The Hotels and Resort Segment may require financial support from the holding company, Keck Seng (Malaysia) Berhad to meet their obligations as and when they fall due.

The MCO has impacted the operations of our Property Development Segment resulting in sales offices and construction sites closures and logistics restrictions in connection with the pandemic. This has affected the economy in Malaysia as a whole as well as the disposable income of individuals. The extent of the impact of COVID-19 on the segment's operational and financial performance will depend on certain developments, including the duration and control of the outbreak, impact on our customers, contractors and employees all of which are uncertain and cannot be estimated at this juncture.

As for the Property Investment Segment, even the residential and office rental sectors are likely to be protected to a certain extent, the occupiers will still need to pay their landlord rents, the Directors foresee that the rental income and collections of the Property Investment Segment will be affected as tenants' businesses or employment are affected by this outbreak and the government's imposed MCO. Rental reduction, premature tenancy cancellations and collection delays are anticipated. There is uncertainty as to how quickly occupancy rates and collections will improve even after the MCO is lifted and the country's general economy improves. In the meantime, appropriate steps are or will be taken by the respective companies to mitigate the impact of the current situation.

As a result of the macro-economic uncertainties caused by COVID-19 outbreak, the price and demand of refined palm oil of the Manufacturing Segment could have been impacted and the extent of impact on the Group's revenue, earnings and cash flows from Manufacturing Segment going forward will depend on the scale and global developments of COVID-19.

In addition, the Group also noted that the value of the investment securities recorded in the statements of financial position determined by reference to fair value at 31 December 2019 have materially changed as of the date of this report. The Group has seen a downward in the fair values of certain investment securities subsequent to year end. The sensitivity analysis for the equity price risk is disclosed in Note 41(e).

The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which will have a continued adverse effect on economic and market conditions and trigger a period of global economic slowdown. Given the evolving circumstances, it is not possible for the Group to quantify or determine the extent of the impact on its business and financial position. The Group will undertake appropriate measures to mitigate the impact from the current situation and any developments.

The Group has evaluated subsequent events from the date of the financial year end through 22 May 2020, the date at which the consolidated financial statements were available to be issued, and determined there are no other items to disclose.

42. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 22 May 2020.

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 5 JUNE 2020

Total Number of Issued Shares	:	361,477,110 ordinary shares (including 2,173,500 shares held as treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share

A. SIZE OF SHAREHOLDINGS

Holdings	No. of Holders	%	No. of Shares	%
Less than 100	171	2.246	5,977	0.001
100 to 1,000	969	12.727	788,715	0.220
1,001 to 10,000	4,680	61.466	19,122,774	5.322
10,001 to 100,000	1,594	20.935	45,796,384	12.746
100,001 to less than 5% Issued Shares	195	2.561	86,753,290	24.145
5% and above of Issued Shares	5	0.065	206,836,470	57.566
	7,614	**100.000**	**359,303,610***	**100.000**

* Excluding a total of 2,173,500 shares bought back by the Company and retained as treasury shares.

B. THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%^
1.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore Bch)	75,645,478	21.053
2.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Hong Kong Branch)	67,088,589	18.672
3.	Ho Eng Chong @ Ho Kian Cheong	23,658,162	6.584
4.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	22,219,241	6.184
5.	Plentong Quarry (M) Sdn Bhd	18,225,000	5.072
6.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for UBS AG Hong Kong (Foreign)	12,013,872	3.344
7.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	5,428,075	1.511
8.	Ang Teow Cheng & Sons Sdn Bhd	3,250,000	0.905
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8106483)	2,955,100	0.822
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8016787)	2,312,150	0.644
11.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	2,004,500	0.558
12.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN for Deutsche Bank AG Singapore (Maybank SG PWM)	1,975,300	0.550
13.	Tan Jin Tuan	1,818,666	0.506
14.	Ang Seng Chin	1,550,000	0.431
15.	Tunku Zahrah Binti Tunku Osman	1,545,000	0.430
16.	Chinchoo Investment Sdn. Berhad	1,530,000	0.426

^ Excluding a total of 2,173,500 shares bought back by the Company and retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS (cont'd)

B. THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Name	No. of shares held	%^
17.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	1,369,552	0.381
18.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian (Hong Kong) Limited (A/C Clients)	1,278,000	0.356
19.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	1,275,000	0.355
20.	Thong Weng Tim	1,135,100	0.316
21.	Key Development Sdn. Berhad	1,024,050	0.285
22.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank NA Singapore (OCBC PC-NR)	1,000,000	0.278
23.	Lim Peng Jin	1,000,000	0.278
24.	Tan Kien Leng	957,000	0.266
25.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-R ES)	898,000	0.250
26.	RHB Nominees (Asing) Sdn Bhd Exempt AN for RHB Securities Singapore Pte. Ltd. (A/C Clients)	875,275	0.244
27.	Firmstead Realty Sendirian Berhad	835,312	0.232
28.	Eu Lee Chuan Enterprise Sdn Berhad	750,000	0.209
29.	Gooi Seow Mee	740,250	0.206
30.	Wong Yu @ Wong Wing Yu	701,000	0.195
		257,057,672	**71.543**

^ Excluding a total of 2,173,500 shares bought back by the Company and retained as treasury shares.

C. SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 5 June 2020

	Direct Interest		Indirect Interest	
	No. of Shares	**(%)**	**No. of Shares**	**(%)**
Ho Yeow Koon And Sons Private Limited	55,986,589	15.58	21,920,512 [1]	6.10
Dato' Ho Cheng Chong @ Ho Kian Hock	24,899,687	6.93	100,719,373 [2]	28.03
Ho Kim Swee @ Ho Kian Guan	24,395,538	6.79	100,719,373 [2]	28.03
Ho Eng Chong @ Ho Kian Cheong	24,662,436	6.86	18,000,000 [3]	5.01
KS Ocean Inc.	22,812,272	6.35	-	-
Plentong Quarry (M) Sdn. Bhd.	18,225,000	5.07	-	-

Notes:

1 *Deemed interested by virtue of its interest in Plentong Quarry (M) Sdn. Bhd., Firmstead Realty Sendirian Berhad and South West Holdings Sdn. Bhd.*

2 *Deemed interested by virtue of his interest in Ho Yeow Koon And Sons Private Limited, Plentong Quarry (M) Sdn. Bhd., Firmstead Realty Sendirian Berhad, South West Holdings Sdn. Bhd. and KS Ocean Inc.*

3 *Deemed interested by virtue of his interest in Laser Ace Ventures Ltd (BVI), Liteace Management Ltd (BVI), Vuitton Assets Ltd (BVI) and Skytrax Ventures Ltd.*

ANALYSIS OF SHAREHOLDINGS (cont'd)

D. DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings as at 5 June 2020

	Name of Directors	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Ho Cheng Chong @ Ho Kian Hock	24,899,687	6.93	100,719,373 [1]	28.03
2.	Ho Kim Swee @ Ho Kian Guan	24,395,538	6.79	100,719,373 [1]	28.03
3.	Ho Eng Chong @ Ho Kian Cheong	24,662,436	6.86	18,000,000 [2]	5.01
4.	Chan Lui Ming Ivan	102,000	0.03	–	–
5.	Lee Huee Nan @ Lee Hwee Leng	88,593	0.02	–	–
6.	Maj-Gen (R) Dato' Muhammad Bin Yunus	–	–	–	–
7.	Too Hing Yeap @ Too Heng Yip	–	–	–	–
8.	Tai Lam Shin	–	–	–	–
9.	Mahathir Bin Mohamed Ismail	–	–	–	–
10.	Liew Foong Yuen	–	–	–	–
11.	Ho Chung Kain (He ChongJing) [Alternate to Dato' Ho Cheng Chong @ Ho Kian Hock]	470,500	0.13	–	–
12.	Ho Chung Hui [Alternate to Lee Huee Nan @ Lee Hwee Leng]	–	–	–	–
13.	Ho Chung Tao [Alternate to Chan Lui Ming Ivan]	–	–	–	–
14.	Ho Chung Kiat, Sydney (He ChongJie, Sydney) [Alternate to Ho Eng Chong @ Ho Kian Cheong]	–	–	–	–

Notes:

1 *Deemed interested by virtue of his interest in Ho Yeow Koon And Sons Private Limited, Plentong Quarry (M) Sdn. Bhd., Firmstead Realty Sendirian Berhad, South West Holdings Sdn. Bhd. and KS Ocean Inc.*

2 *Deemed interested by virtue of his interest in Laser Ace Venture Ltd (BVI), Liteace Management Ltd (BVI), Vuitton Assets Ltd (BVI) and Skytrax Ventures Ltd.*

E. LIST OF DIRECTORS' SHAREHOLDINGS IN SUBSIDIARY COMPANY: LIM & LIM PLANTATIONS BERHAD

	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Ho Kim Swee @ Ho Kian Guan	5,000	0.04	–	–
2.	Dato' Ho Cheng Chong @ Ho Kian Hock	5,500	0.04	–	–
3.	Lee Huee Nan @ Lee Hwee Leng	2,000	0.01	–	–

By virtue of their interests in the shares of the Company, all of the directors except Maj-Gen (R) Dato' Muhammad Bin Yunus, Too Hing Yeap @ Too Heng Yip, Tai Lam Shin, Mahathir Bin Mohamed Ismail, Liew Foong Yuen, Ho Chung Hui, Ho Chung Tao and Ho Chung Kiat, Sydney (He ChongJie, Sydney), are deemed to be interested in the shares of all subsidiaries of the Company to the extent the Company has an interest.

PARTICULARS OF GROUP PROPERTIES 2019

LAND FOR AGRICULTURE AND HOUSING DEVELOPMENT

Estate/ Housing Project	Location	Tenure	Area	Description	Approximate Age Of Building (Years)	Net Carrying Amount RM'000	Date Of Last Revaluation(#) /Date Of Acquisition
Tanjong Puteri Golf Resort	35 km south-east of Johor Bahru. Adjacent to Pasir Gudang Industrial Estate.	Freehold	208 hec (Land area)	54 holes golf course, clubs and other recreational facilities.	–	86,974	18-04-1980 #
Bandar Baru Kangkar Pulai	27 km Pontian Road immediately after Kangkar Pulai Village.	Freehold/ Leasehold	1,830,028 sq metres (Development area)	Development of residential & commercial units including area planted with oil palm. The 99 year lease expires in 2102.	–	161,651	18-04-1980 #
Tanjong Puteri Resort	35 km south-east of Johor Bahru. Adjacent to Pasir Gudang Industrial Estate.	Freehold	2,417,996 sq metres (Development area)	Development of residential & commercial units including area planted with oil palm.	–	43,810	18-04-1980 #
Taman Daya	13 km north-east of Johor Bahru. (near Kampong Baru, Kangkar Tebrau)	Freehold	143,091 sq metres (Development area)	Development of residential & commercial units.	–	10,177	18-04-1980 #
Bukit Chantek, Tong Hing & Tanjong Langsat Estate	10 km east of Ulu Tiram and 30 km from Johor Bahru.	Freehold/ Leasehold	2,485 hec (Planted area)	Oil palm estate including 7.32 hectares of industrial land with 3 industrial buildings erected on it. The 99 year lease expires in 2115.	–	31,087	18-04-1980/ # 30-04-1987
Lim & Lim (Kong Kong)	10 km east of Ulu Tiram and 31 km from Johor Bahru.	Freehold	820 hec (Planted area)	Oil palm estate.	–	14,611	1980 #

BUILDING

Building Type	Location	Tenure	Area	Description	Approximate Age Of Building (Years)	Net Carrying Amount RM'000	Date Of Last Revaluation(#) /Date Of Acquisition
Hotel	1956, Ala Moana, Boulevard, Honolulu, Hawaii, 96815, USA.	Freehold	18,525 sq metres (Buildup area)	18 Storey DoubleTree by Hilton Hotel Alana - Waikiki Beach (317 Rooms) with an adjoining 7 storey office building occupying a total land area of 3,315 sq metres.	48	116,032	01-12-2000
Hotel	25, West 37th Street, New York, NY, 10018, USA.	Freehold	6,624 sq metres (Buildup area)	19 Storey SpringHill Suites New York Hotel (173 Rooms) occupying a land area of 2,841 sq metres.	6	247,542	24-07-2014
Office Space	Menara Keck Seng, 203, Jalan Bukit Bintang, 55100 Kuala Lumpur.	Freehold	24,538 sq metres (Floor area)	Office space for rental.	24	45,957	15-08-1996

PARTICULARS OF GROUP PROPERTIES 2019 (cont'd)

BUILDING (cont'd)

Building Type	Location	Tenure	Area	Description	Approximate Age Of Building (Years)	Net Carrying Amount RM'000	Date Of Last Revaluation(#) /Date Of Acquisition
Hotel	655, Dixon Road, Toronto, Ontario Canada, M9W 113.	Freehold	52,954 sq metres (Buildup area)	12 Storey Delta Hotels by Marriott Toronto Airport and Conference Centre (433 Rooms) occupying a land area of 28,328 sq metres.	55	45,992	31-10-1997
Condominium Block	8, Jalan Ceylon, 50200 Kuala Lumpur.	Freehold	20,178 sq metres (Floor area)	23 Storey building known as Regency Tower (76 units luxury apartments) with an annexed 3-storey car park (108 bays) and other facilities.	29	48,159	11-07-2006
Office Space	Peninsula Plaza, 21st Floor, 111, North Bridge Road, Singapore 179098.	Leasehold	798 sq metres (Floor area)	Office space for rental. The 999 year lease expires in 2828.	40	5,021	25-09-1980
Double-Storey Villa	Tanjong Puteri Golf Resort, Pasir Gudang, Johor.	Freehold	47,219 sq metres (Land area)	34 units for recreation.	23	4,739	29-03-1995
Shop Office	137, Jalan Sri Pelangi, Taman Pelangi, 80400 Johor Bahru.	Freehold	156 sq metres (Land area)	1 unit 3 storey shop office.	39	36	14-07-1981
Shopping Complex	Jalan Daya, Taman Daya, 81100 Johor Bahru, Johor.	Freehold	28,368 sq metres (Land area)	Single storey shopping complex for rental.	10	3,672	01-05-2010
TD Point Retail Mall	Jalan Daya, Taman Daya, 81100 Johor Bahru, Johor.	Freehold	17,974 sq metres (Land area)	32 units of single storey shops and 8 units of double storey shops	1	9,636	01-04-2019

KECK SENG (MALAYSIA) BERHAD

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