激成（馬來西亞）有限公司

KECK SENG (MALAYSIA) BERHAD

(8157-D)

ANNUAL REPORT

2018

LAPORAN TAHUNAN

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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	Tenure	Development Area
Bandar Baru Kangkar Pulai	27 km Pontian Road immediately after Kangkar Pulai Village.	Freehold/Leasehold	2,053,588 sqm
Tanjong Puteri Resort	35 km south-east of Johor Bahru. Adjacent to Pasir Gudang Industrial Estate.	Freehold	2,417,996 sqm
Taman Daya	13 km north-east of Johor Bahru, (near Kampong Baru, Kangkar Tebrau).	Freehold	149,948 sqm

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

Buildings	Location	Tenure	Floor Area	Description
Menara Keck Seng	203 Jalan Bukit Bintang, 55100 Kuala Lumpur.	Freehold	24,538 sqm	Office
Regency Tower	8, Jalan Ceylon, 50200 Kuala Lumpur.	Freehold	20,178 sqm	Condominium

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

Hotels	Location	Tenure	Buildup Area	Description
DoubleTree by Hilton Alana - Waikiki Beach	1956, Ala Moana, Boulevard, Honolulu, Hawaii, 96815, USA.	Freehold	18,525 sqm	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.	Freehold	6,624 sqm	19 storey hotel with 173 rooms
Delta Hotels by Marriott Toronto Airport and Conference Centre	655 Dixon Road, Toronto, Ontario Canada, M9W 113.	Freehold	52,954 sqm	12 storey hotel with 433 rooms

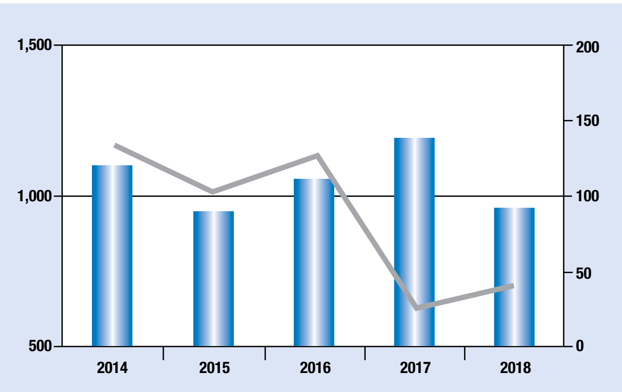
Resort	Location	Tenure	Land Area	Description
Tanjong Puteri Golf Resort	35 km south-east of Johor Bahru. Adjacent to Pasir Gudang Industrial Estate.	Freehold	208 hectares	54 holes golf course, clubs and other recreational facilities

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

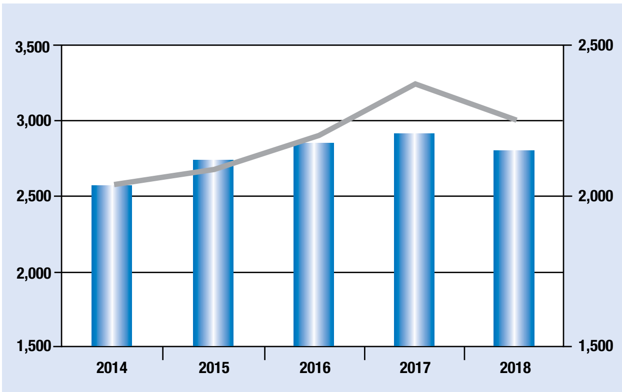
(RM'000)	2014	2015 (Restated)	2016 (Restated)	2017 (Restated)	**2018**
Revenue by business segments:					
Plantations and Manufacturing	730,751	604,866	687,862	831,579	**590,854**
Property Development and Investment	182,671	121,628	116,622	108,417	**115,065**
Hotels and Resort	166,080	223,976	237,219	239,708	**250,152**
Share Investment Holding	7,021	7,689	7,524	9,553	**11,206**
Total revenue	1,086,523	958,159	1,049,227	1,189,257	**967,277**
Profit before tax	166,446	113,632	154,955	31,008	**69,521**
Profit net of tax	128,581	104,341	128,101	23,042	**39,169**
Profit net of tax attributable to owners of the parent	129,719	101,978	124,291	22,876	**36,472**
Earnings per share (sen)	36	28	35	6	**10**
Dividends per share (sen)	10	10	10	10	**10**
Equity attributable to owners of the parent	2,034,072	2,106,787	2,213,702	2,380,960	**2,244,108**
Total assets	2,567,213	2,765,304	2,860,983	2,920,093	**2,775,528**
Loans and borrowings	263,272	300,685	293,031	250,992	**232,090**

Revenue and Profit (RM million)



Revenue (Left Hand Side)
Profit attributable to owners of the parent (Right Hand Side)

Total Assets and Equity (RM million)



Total assets (Left Hand Side)
Equity attributable to owners of the parent (Right Hand Side)

Share Price (RM)	2014	2015	2016	2017	**2018**
Highest daily close	7.44	5.94	5.67	5.18	**4.92**
Lowest daily close	5.06	4.42	4.69	4.55	**3.92**
Year-end closing	5.26	5.40	4.73	4.60	**4.08**

CHAIRMAN'S STATEMENT

Dear Shareholders,

2018 will be remembered as the year where a trade war between America and China broke out. Protectionist measures announced by the Trump administration and retaliatory measures by China took a toll on global trade and investment. Malaysia was not spared with GDP growth slowing from 5.9% in 2017 to 4.7% in 2018.

Performance

We had made progress in restoring the profitability of business units through various initiatives. As a result, profit before tax more than doubled from RM31 million in 2017 to RM69.5 million in 2018. We will continue to pursue efforts to further improve operational efficiency and cost reduction.

Outlook and Strategy

There is growing evidence that the global economy has decelerated since the start of 2019. Due to the impact from the lingering US-China trade tension, the risk of a synchronised slowdown in global growth is looming. As a result, the US Federal Reserve has decided to pause in its campaign of steadily hiking interest rates, and China is attempting to support its economy with tax cuts and infrastructural spending. Until there is greater clarity for us to form an opinion on where the economy is going, the best strategy is to adopt a prudent approach to investment.

As an example, we joined a group of international investors and invested EUR23 million (or RM 108 million equivalent) in AccorInvest Group S.A. ('AccorInvest') last year. The transaction was completed at the end of May 2018. AccorInvest has a portfolio of more than 800 hotels with the majority located in Europe. Europe is an attractive destination for international tourists and AccorInvest is positioned to capture the future growth of its underlying market. This investment hence enables us to gain exposure to AccorInvest's large and well-diversified portfolio with resilient cash flows.

Dividends

Our strong financial position has enabled us to reward shareholders with consistent dividends in spite of the uncertain economic outlook.

We declared total dividend of 10 sen per share for financial year 2017. The Board will be recommending a final dividend of 6 sen per share for shareholders' approval during the coming Annual General Meeting. Together with 4 sen interim dividend declared last August, we will pay out almost all of 2018 earnings to shareholders.

Acknowledgement

I wish to thank our employees and fellow directors and for their tireless effort 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
5 April 2019

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue in 2018 decreased by 19% to RM967.3 million as compared with 2017, mainly due to lower selling price and quantity of refined oil sold. Profit before tax increased by 124% to RM69.5 million as profitability improved in several business units. Tax expense however experienced a big jump due to income tax payable for a change of land use. As a result, profit attributable to shareholders increased by a smaller percentage of 59% to RM36.5 million.

A strong financial position was maintained with loans and borrowings decreasing to RM232.1 million from RM251.0 million in 2017. Cash and bank balances at RM714.2 million remained adequate for Keck Seng to ride out any economic uncertainties.

OPERATIONS REVIEW

Plantations and Manufacturing

The Plantation divison saw a slight increase in crop production but much lower commodity prices in 2018 resulted in lower revenue and profit. Lower revenue was also registered at the Manufacturing division due to lower quantity and selling price of refined oil products sold. Nevertheless, it managed to turnaround from a loss to profit despite the fluctuations of raw material prices and foreign exchange rates.

Good rainfall distribution and fertilisers applied in 2018 are likely to increase production at our plantations in 2019. Till the first quarter of next year, we are embarking on an accelerated re-planting program to replace aging palms in some estates. This investment will bear fruits in a few years. From January 2019, minimum monthly wage has increased to RM1,100. We have been pursuing mechanisation as a long term strategy to reduce labour dependency, but the effort is not sufficient to negate the higher costs in the short term.

	2014	2015	2016	2017	**2018**
PRODUCTION (mt)					
Fresh fruit bunches (own estates)	71,725	71,170	58,685	50,586	**51,940**
Refined palm products	453,004	374,773	364,401	395,910	**342,262**
Crude palm oil	55,773	52,281	39,576	44,497	**49,217**
Palm kernel	17,321	15,986	12,164	14,340	**15,790**
GROSS SELLING PRICE (RM/mt)					
Refined palm products	2,880	2,771	3,285	3,604	**2,845**
Palm kernels (ex mill)	1,724	1,591	2,610	2,527	**1,769**
AREA PLANTED (hectare)	3,602	3,613	3,534	3,396	**3,173**
Immature hectareage (< 3 years)	277	395	322	404	**780**
Matured hectareage	3,325	3,218	3,212	2,992	**2,393**
Average yield per matured hectareage (mt)	21.6	22.1	18.3	16.9	**19.3**

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

OPERATIONS REVIEW (cont'd)

Property

Amidst a soft property market, the Property division achieved a heathly sales performance due to good take-ups in our launches covering the three townships. We look forward to measures announced during 2019 Budget to help first-time homebuyers to stimulate the sluggish market.

We are planning to launch new phases in Bandar Baru Kangkar Pulai, comprising 116 units of single storey cluster houses in the first quarter and 151 units of double storey terrace houses in the third quarter of 2019. We will continue to sell the remaining units in Phase 4A (double storey terrace houses - Sapphire Hills), Phase 4A1 (single storey terrace houses - Arelia) and Phase 5A (double storey shop offices) which are currently under progress construction and the remaining units of completed double storey semi-detached houses in Phase 2E.

In Tanjong Puteri Resort, we will launch a new phase of 88 units of double storey terrace houses in the first quarter of 2019. We have sold approximately 40% of Phase 4E launched during September 2018, comprising 129 units of single storey terrace houses.

In Taman Daya, we have completed the first open-concept retail outlet kown as TD Point, with the primary focus on tenanting to upscale F&B and neighbourhood amenities retailers. TD Point features 40 single-storey and double-storey shops with more than 80% of the units committed prior to completion. We are aggressively marketing the remaining units to sign up by the second quarter, and we believe TD Point will provide a source of recurring income.

At Menara Keck Seng, our office building in Kuala Lumpur, occupancy is expected to increase slightly as we sign up new tenants and as existing tenants take up more office space.

There is an oversupply of residential apartments in the Kuala Lumpur City Centre all competing for a limited pool of expatriate tenants. Nonetheless, Regency Tower, our residential building in Kuala Lumpur, is expected to maintain its current level of occupancy.

Hotels and Resort

The hospitality market in Toronto is experiencing good growth. As a newly renovated and re-branded hotel, the “Delta Hotels by Marriott Toronto Airport and Conference Centre” has been able to leverage on Marriott’s system to achieve higher room rates and increased F&B sales.

Business at the “Doubletree by Hilton Hotel Alana - Waikiki Beach” is stable despite strong competition from newly renovated hotels. Waikiki remains a popular vacation destination, and the hotel should achieve satisfactory occupancy and room rates.

The Midtown Manhattan market outlook is increasingly competitive for 2019, with several new hotels within the vicinity due to open. Furthermore, a new hotel behind our SpringHill Suites Midtown Manhattan may commence construction in the first quarter of 2019 and the construction works could cause some potential business disruptions to us. That said, the investment we made in 2017 to construct new meeting rooms has paid off. We continue to see an increase in F&B revenue contribution from these meeting rooms. New York's overall occupancy remains stable, and we will continue to optimise Marriott’s brand program and outreach to improve market share.

For Tanjong Puteri Golf Resort, 2019 will see a decline in income due to on-going price competition from new and existing resorts. We also anticipate higher operating costs in labour and minimum wages. The resort's performance remains subjected to adverse weather conditions, unpredictable traffic conditions and a declining interest in golf by the younger generation. The renovation of Villa & Meeting rooms have been completed, and new banquet and MICE (meetings, incentives, conferences and exhibitions) offers have been launched to support the on-going repositioning of the Resort to the corporate and leisure market. With the re-opening of the Plantation Course in the fourth quarter 2018, we should see an increase in revenue contribution from golfing. We continue our efforts to seek new golfing markets and offer unique experiences to set ourselves apart from the competition.

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-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*
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*
Ho Chung Kain (He ChongJing)	*Alternate Director to Dato' Ho Cheng Chong @ Ho Kian Hock*
Ho Chung Hui	*Alternate Director to Lee Huee Nan @ Lee Hwee Leng (f)*
Ho Chung Tao	*Alternate Director to Chan Lui Ming Ivan*
Ho Chung Kiat, Sydney (He ChongJie, Sydney)	*Alternate Director to Ho Eng Chong @ Ho Kian Cheong*

COMPANY SECRETARIES
Lim Hooi Mooi (f)
(MAICSA 0799764)
Te Hock Wee (f)
(MAICSA 7054787)
Fong Sok Yee (f)
(MAICSA 7066501)

AUDITORS
Messrs Ernst & Young (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

REGISTERED OFFICE
Suite 1301, 13th Floor, City Plaza,
Jalan Tebrau,
80300 Johor Bahru, Johor.
Tel: 07-332 2088 Fax: 07-332 8096

PRINCIPAL BANKERS
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd
(Company No. 11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : 03 -2783 9299 Fax : 03 -2783 9222

LISTING
Main Market of Bursa Malaysia Securities Berhad

WEBSITE
http://my.keckseng.com

DIRECTORS' PROFILE

HO KIM SWEE @ HO KIAN GUAN

Executive Chairman

AGE/GENDER	NATIONALITY
Age 73/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 48 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-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 had no convictions for any offences within the past 5 years, nor has he had 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 2018. Details pertaining to these transactions are disclosed under Note 37 to the Financial Statements.

BOARD MEETINGS ATTENDED
6 out of 6.

DATO' HO CHENG CHONG @ HO KIAN HOCK

Managing Director
Member of the Remuneration Committee (resigned on 1 March 2018)

AGE/GENDER	NATIONALITY
Age 71/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.

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

Managing Director
Member of the Remuneration Committee (resigned on 1 March 2018)

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-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 had no convictions for any offences within the past 5 years, nor has he had 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 2018. Details pertaining to these transactions are disclosed under Note 37 to the Financial Statements.

BOARD MEETINGS ATTENDED
6 out of 6.

HO ENG CHONG @ HO KIAN CHEONG

Non-Executive Director

AGE/GENDER	**NATIONALITY**
Age 69/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-Executive Director

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Ho has had no convictions for any offences within the past 5 years, nor has he had 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 2018. Details pertaining to these transactions are disclosed under Note 37 to the Financial Statements.

BOARD MEETINGS ATTENDED
4 out of 6.

CHAN LUI MING IVAN

Executive Director

AGE/GENDER	NATIONALITY
Age 49/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-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 had no convictions for any offences within the past 5 years, nor has he had 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 2018. Details pertaining to these transactions are disclosed under Note 37 to the Financial Statements.

BOARD MEETINGS ATTENDED
6 out of 6.

DIRECTORS' PROFILE (Cont'd)

LEE HUEE NAN @ LEE HWEE LENG

Executive Director

AGE/GENDER Age 67/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 had no convictions for any offences within the past 5 years, nor has she had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
6 out of 6.

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 71/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.

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 had no convictions for any offences within the past 5 years, nor has he had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
6 out of 6.

YM TENGKU YUNUS KAMARUDDIN

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

AGE/GENDER	NATIONALITY
Age 78/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Arts (Honours), Degree in Economics, University of Wales, United Kingdom;
Fellow of the Institute of Chartered Accountants of England and Wales (ICAEW);
Member of the Malaysian Association of Certified Public Accountants (MACPA); and
Member of the Malaysian Institute of Accountants (MIA).

DATE APPOINTED/WORK EXPERIENCE
YM Tengku Yunus was appointed to the Board on 27 August 2001. Before his retirement in 1996, he was an Audit Partner of one of the leading international accounting firms since 1982. He previously sat on the Board of Bank Bumiputra Malaysia Berhad and its subsidiaries, namely Bumiputra Merchant Bankers and BBMB Kewangan Berhad from 1985 to 1990.

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

FAMILY RELATIONSHIP
None.

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
YM Tengku Yunus has had no convictions for any offences within the past 5 years, nor has he had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
4 out of 6.

DIRECTORS' PROFILE (Cont'd)

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 73/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 had no convictions for any offences within the past 5 years, nor has he had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
5 out of 6.

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 61/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. He was exposed and having experience in areas of audit, assurance, 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.
Other Public Companies : Nil.

TAI LAM SHIN (cont'd)

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

FAMILY RELATIONSHIP
None.

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Tai has had no convictions for any offences within the past 5 years, nor has he had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
6 out of 6.

MAHATHIR BIN MOHAMED ISMAIL

Independent Non-Executive Director
Member of the Audit Committee
Member of the Nominating Committee
Member of the the Remuneration Committee (appointed on 1 March 2018)

AGE/GENDER	**NATIONALITY**
Age 69/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.

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

FAMILY RELATIONSHIP
None.

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Mahathir has had no convictions for any offences within the past 5 years, nor has he had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD MEETINGS ATTENDED
6 out of 6.

HO CHUNG KAIN (HE CHONGJING)

Alternate Director to Dato' Ho Cheng Chong @ Ho Kian Hock

AGE/GENDER	**NATIONALITY**
Age 44/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 20 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-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 had no convictions for any offences within the past 5 years, nor has he had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

HO CHUNG HUI

Alternate Director to Ms. Lee Huee Nan @ Lee Hwee Leng

AGE/GENDER	**NATIONALITY**
Age 43/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]

HO CHUNG HUI (cont'd)

Alternate Director to Ms. Lee Huee Nan @ Lee Hwee Leng

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-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 had no convictions for any offences within the past 5 years, nor has he had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

HO CHUNG TAO

Alternate Director to Mr. Chan Lui Ming Ivan

AGE/GENDER	NATIONALITY
Age 44/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.

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-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 had no convictions for any offences within the past 5 years, nor has he had any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DIRECTORS' PROFILE (Cont'd)

HO CHUNG KIAT, SYDNEY (HE CHONGJIE, SYDNEY)

Alternate Director to Mr. Ho Eng Chong @ Ho Kian Cheong

AGE/GENDER	**NATIONALITY**
Age 35/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.
[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 had no convictions for any offences within the past 5 years, nor has he had 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 56/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 (KSM) - 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 66/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 Aug 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 59/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 35 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 62/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 29 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 42/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' ABDUL RAHIM BIN RAMLI
Senior Advisor to Keck Seng (Malaysia) Berhad
Johor, Malaysia

AGE/GENDER	NATIONALITY
Age 77/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 with effect 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 - Johor, Malaysia

AGE/GENDER	NATIONALITY
Age 50/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 from 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.

HOTELS

PETER WONG
President – North America
San Francisco, USA

AGE/GENDER	NATIONALITY
Age 66/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)

HOTELS (cont'd)

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

AGE/GENDER
Age 55/Male

NATIONALITY
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 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
Hawaii, USA

AGE/GENDER
Age 63/Male

NATIONALITY
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)

HOTELS (cont'd)

DAVID KAM

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

AGE/GENDER	**NATIONALITY**
Age 58/Male	American

ACADEMIC/PROFESSIONAL QUALIFICATION

Associate of Applied Science (AAS) degree (majoring in Accounting), University of Hawaii.

DATE APPOINTED/WORK EXPERIENCE

David has been with KSG Enterprises Ltd., a subsidiary of Keck Seng (Malaysia) Berhad since 2009. He joined as its Financial Controller and was promoted to his current position as of 1 Jan 2019. 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.

INVESTMENT HOLDING

PAUL TSE SEE FAN

Director
Hong Kong

AGE/GENDER	**NATIONALITY**
Age 64/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.

KEY SENIOR MANAGEMENT'S PROFILE (Cont'd)

GROUP FINANCE

REUSON SEET
Group Accountant
Johor, Malaysia

AGE/GENDER	**NATIONALITY**
Age 46/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 17 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.

GAN KIM BUAN
Financial Consultant
Johor, Malaysia

AGE/GENDER	**NATIONALITY**
Age 70/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) within the past 5 years or any sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.*

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. 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.

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"). Reviews are continuously made to bring in line the Group's corporate governance practices with the Practices under the CG Code.

The Group has applied the Practices set out in the CG Code for the whole of the financial year ended 31 December 2018 ("FY 2018") till 5 April 2019 except for:

Practice 4.2 – Tenure of independent directors (two-tier shareholder voting process).

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

Practice 11.2 – Integrated reporting.

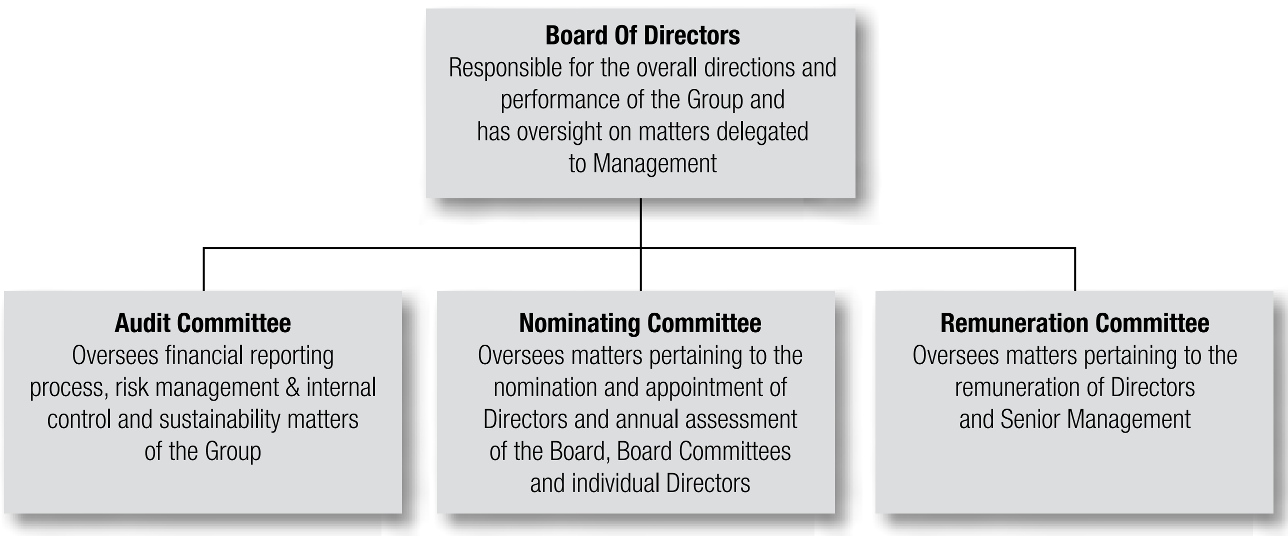
Explanations for the non-application of the abovementioned practices have been provided clearly in the CG Report, which is available on the Company's website http://my.keckseng.com and Bursa Malaysia Securities Berhad's ("Bursa Securities") website. The Board has however put in place alternative measures 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



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

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

Board's Role

The Board is responsible for the overall performance 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. Every Director is expected, in carrying out his or her 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's formalized 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 54 to 70 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
- oversees the communication policy 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 advise and support the Board in ensuring that the strategies proposed by the executive directors or management are fully discussed and examined, 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.

Chairman's Role

The Executive Chairman, Mr. Ho Kim Swee @ Ho Kian Guan, with the assistance of the Company Secretary, schedule Board meetings and ensure that the Board receives accurate, timely and clear information, enabling the Board to perform its duties reasonably. During Board meetings, the Executive Chairman encourages constructive relationships between the board members and ensures that open, healthy and effective debates are held 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 Nominating Committee is also satisfied that Mr. Ho has discharged his duties effectively and has continued to play a vital role in leading the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

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

Separation of Executive Chairman and Managing Director

The Executive Chairman is Mr. Ho Kim Swee @ Ho Kian Guan whilst Dato' Ho Cheng Chong @ Ho Kian Hock, the Managing Director fulfills the CEO's role. The Executive Chairman provides leadership to the Board whilst the Managing Director oversees the Group's day-to-day operations and communicates policies and strategies adopted by the Board throughout the entire organisation. The two roles are distinct and separate to ensure that there is a balance of power and authority.

Details of the Executive Chairman and Managing Director's roles can be found in the Company's Board Charter via the Company's website.

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 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 retains full and effective control of the Group. 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 can be viewed on the Company's website. It consists, among others, the Board's objectives, responsibilities, committees and meeting procedures.

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

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

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

Board and Board Committee Charters (cont'd)

Apart from the Board's role mentioned on page 27, 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;
- Authority limits;
- Treasury policies;
- Risk management policies; and
- Key human resource issues.

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

To effectively discharge its function and responsibilities, the Board is assisted by three (3) Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee, which operate within the defined Charters. All Committee Charters are approved by the Board and reviewed periodically to ensure relevance. The respective Board Committees' Charters, which encompasses their duties and authority can be found on the Company's website.

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

The Board has appointed Mr. Too Hing Yeap @ Too Heng Yip as Senior Independent Non-Executive Director ("SID"). The role of the SID is explained in the Board Charter.

All other matters not specifically reserved for the Board or the Board Committees and 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 Managing Director ("MD") and is considered under the MD's purview. The responsibilities of management are to:

- formulate and implement the strategic plans and ensuring that the strategic objectives are met;
- ensure that risk and sustainability management processes are upheld at every operational level;
- ensure that effective internal controls are in place;
- ensure that there is proper succession plan for each operational level;
- ensure compliance to legal and statutory requirements;
- ensure that there are proper segregation of duties and responsibilities;
- develop, implement and update policies and procedures; and
- provide timely, accurate and clear financials and information.

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

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

Code of Conduct

The Company expects all its Directors and employees to uphold high ethical standards and professional conduct at all times and it believes that working with a strong sense of integrity is critical to 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.

Whistleblowing

High ethical standards and professional conduct is expected of employees. 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 concerns about possible improprieties in financial reporting or other matters. Complaints can be channeled to the Head of Internal Audit, who reports to the Audit Committee.

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

II. Board Composition

Board Of Directors
10 Board Members consisting of:-
4 Executive Directors
1 Non-Executive Director
5 Independent Non-Executive Directors

Audit Committee
5 Independent Non-Executive Directors

Nominating Committee
5 Independent Non-Executive Directors

Remuneration Committee
5 Independent Non-Executive Directors

Independent Directors

The Board has five (5) Independent Non-Executive Directors that form 50% of the Board. This is in line with both the Main Market Listing Requirements of Bursa Securities ("LR"), 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. Mr. Too Hing Yeap @ Too Heng Yip is appointed as the Senior Independent Non-Executive Director of the Board to whom the shareholders or stakeholders may convey their concerns. These Independent Non-Executive Directors are independent of management and free from any relationship which could interfere with their judgement.

The Independent Non-Executive Directors bring a wide range of experience and expertise and provide objectivity in Board decisions. The Independent Non-Executive Directors also participate actively during Board meetings and challenge the assumptions and proposals of management unreservedly.

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

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

Independent Directors (cont'd)

Annual reviews on Directors' independence are carried out by the Board according to the LR on independence. The Nominating Committee ("NC") reviews the independence of Independent Non-Executive Directors and have placed high emphasis on whether each of the Independent Non-Executive Directors has demonstrated independent mindedness during the board meetings and has been exercising independent judgement in the best interest of the Company, in discharging their duties. Further to the reviews, each Independent Non-Executive Director has also submitted an annual independence declaration.

The Board together with the NC have concurred that each of the Independent Non-Executive Directors is able to exercise independent objective judgement on commercial and corporate governance matters, notwithstanding that three (3) 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 five (5) Independent Non-Executive Directors 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. When the Board retains an independent director, who has served in that capacity for more than nine (9) years, the Board will justify its decision and seek shareholders' approval.

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 the Annual General Meeting ("AGM") each year for the re-appointment of Independent Directors who have served the Board for more than twelve (12) years.

In the last 48th AGM, the Board has recommended and obtained the shareholders' approval in re-appointing two (2) of its Independent Non-Executive Directors, namely YM Tengku Yunus Kamaruddin and Maj-Gen (R) Dato' Muhammad Bin Yunus who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than sixteen (16) and seventeen (17) years respectively.

At the forthcoming 49th AGM, Mr. Too Hing Yeap @ Too Heng Yip, YM Tengku Yunus Kamaruddin and Maj-Gen (R) Dato' Muhammad Bin Yunus would have served as Independent Non-Executive Directors of the Company for a cumulative term of nine (9), seventeen (17) and eighteen (18) years respectively. The Board will seek the shareholders' approval for their re-appointment based on the following justifications:

- They had met the definition of an "Independent Director" as set out under Paragraph 1.01 of the LR of Bursa Securities;
- They are still physically fit and mentally alert;
- Their lengthy years with the Company make them familiar with the Group's operations. This allows them to actively participate effectively during deliberations while exercising their independent judgement and decision making, notwithstanding their tenure;
- 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, YM Tengku Yunus Kamaruddin and Maj-Gen (R) Dato' Muhammad Bin Yunus:

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)

- have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Executive Director(s), 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 Executive Director(s), 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 LR.

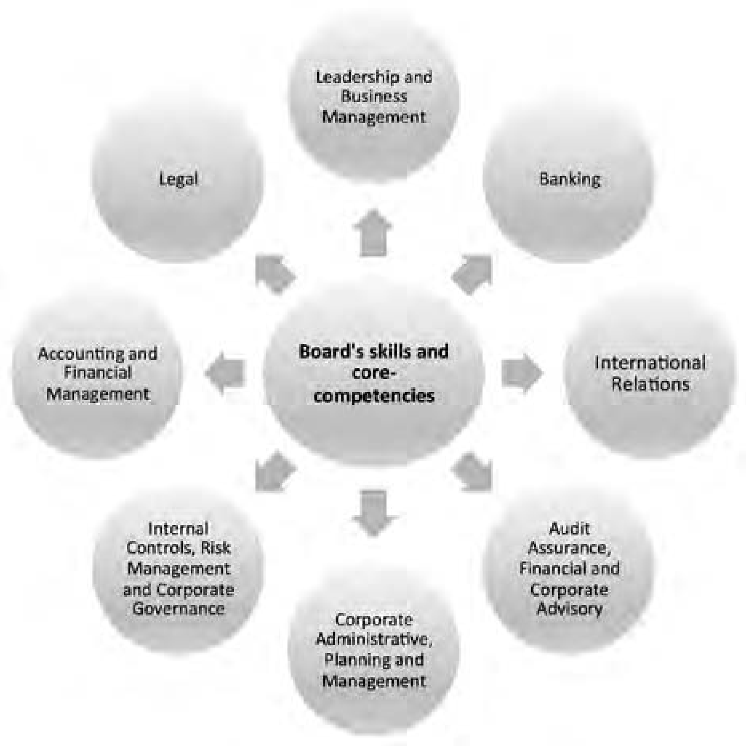
- have not been offered or granted any options by the Company. Other than director's fees and allowances paid which had been the norm and been duly disclosed in the annual report, no other incentives or benefits of whatsoever nature had been paid to them by the Company.

Diversity

The Board recognizes 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 Independent Non-Executive Directors are independent of management and free from any business or other relationship which could interfere with their independent judgement.

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



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.

Ms. Lee Huee Nan @ Lee Hwee Leng is currently the only female director on the Board. She was appointed to the Board on 29 April 1980. The Board is mindful of the recommendation of the CG Code on gender diversity and through the NC, will endeavour 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 create a culture where employees can contribute to their full potential. We believe in attracting and retaining people who have the desire to perform their absolute best. We also believe that a diverse workforce allows us 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. Our employees, spread across all age brackets represent a variety of nationalities, genders, work style, viewpoints and expectations.

Appointments and Annual Assessment

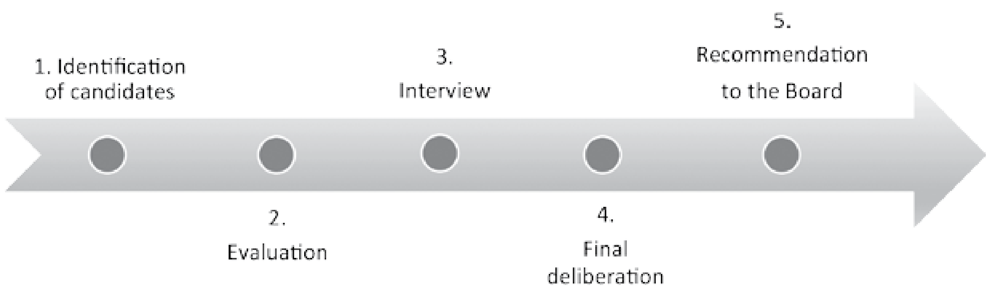
The NC comprises exclusively of Independent Non-Executive Directors. Their attendance details are as follows:

Members	No of Meetings Attended
Mr. Too Hing Yeap @ Too Heng Yip *Senior Independent Non-Executive Director (Chairman)*	1 out of 1
Maj-Gen (R) Dato' Muhammad Bin Yunus *Independent Non-Executive Director*	1 out of 1
YM Tengku Yunus Kamaruddin *Independent Non-Executive Director*	1 out of 1
Mr. Tai Lam Shin *Independent Non-Executive Director*	1 out of 1
Encik Mahathir Bin Mohamed Ismail *Independent Non-Executive Director*	1 out of 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:



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

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

Appointments and Annual Assessment (cont'd)

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

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, LR 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 2018, six (6) 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.

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 (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
Ho Kim Swee @ Ho Kian Guan	6 out of 6
Dato' Ho Cheng Chong @ Ho Kian Hock (Alternate Director: Ho Chung Kain [He ChongJing])	6 out of 6
Ho Eng Chong @ Ho Kian Cheong (Alternate Director: Ho Chung Kiat, Sydney [He ChongJie, Sydney] appointed on 15 October 2018)	4 out of 6
Lee Huee Nan @ Lee Hwee Leng (f) (Alternate Director: Ho Chung Hui)	6 out of 6
Chan Lui Ming Ivan (Alternate Director: Ho Chung Tao)	6 out of 6
Too Hing Yeap @ Too Heng Yip	6 out of 6
YM Tengku Yunus Kamaruddin	4 out of 6
Maj-Gen (R) Dato' Muhammad Bin Yunus	5 out of 6
Tai Lam Shin	6 out of 6
Mahathir Bin Mohamed Ismail	6 out of 6

Training and Development of Directors

The Company is aware of the importance of continuous training for Directors to enable them to effectively discharge their duties. Annually, the Directors will be reminded of their obligations and are encouraged to keep abreast with general economic, industry and technical developments by attending the appropriate trainings, workshops, seminars or briefings at the Company's expense.

All Directors have attended the Directors' Mandatory Accreditation Program as required by Bursa Securities. During the financial year, the Directors have attended the following professional development programmes:

Members	Training Programmes	Dates
Ho Kim Swee @ Ho Kian Guan	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
Dato' Ho Cheng Chong @ Ho Kian Hock (Alternate Director: Ho Chung Kain [He ChongJing])	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018

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
Ho Eng Chong @ Ho Kian Cheong (Alternate Director: Ho Chung Kiat, Sydney [He ChongJie, Sydney] appointed on 15 October 2018)	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
Lee Huee Nan @ Lee Hwee Leng (f) (Alternate Director: Ho Chung Hui)	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
Chan Lui Ming Ivan (Alternate Director: Ho Chung Tao)	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
Too Hing Yeap @ Too Heng Yip	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
YM Tengku Yunus Kamaruddin	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
Maj-Gen (R) Dato' Muhammad Bin Yunus	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
	Audit Committee Institute (ACI) Breakfast Roundtable 2018	3 August 2018

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
Tai Lam Shin	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
	Transitional Issues from GST to SST – Your Questions on SST Answered	12 September 2018
	Budget 2019 – Key Updates and Changes for Corporate Accountants	16 November 2018
	Sustainability Report, Detecting Financial Frauds and Common Breaches of the Listing Requirements with Case Studies	27 November 2018
Mahathir Bin Mohamed Ismail	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
Ho Chung Kain (He ChongJing)	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
Ho Chung Hui	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
Ho Chung Tao	Overview of Development Process & Rezoning KSM Property Division Updates for 2018 Surrender Back and Re-alienation (SBKS) – The Current Practice In Johor	30 May 2018
	The KPMG INED Forum (held in Hong Kong)	17 September 2018
Ho Chung Kiat, Sydney (He ChongJie, Sydney)	Mandatory Accreditation Programme	29-30 November 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

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

Training and Development of Directors (cont'd)

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

- the Company's Articles of Association, 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 Articles also provide 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.

Summary of activities of the NC for the financial year

During the financial year ended 31 December 2018, the NC has carried out the following activities:

- Reviewed the existing composition of the Board of Directors and it was of the view that:
    - ➢ the existing 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 Independent Non-Executive Director an annual independence declaration.
- Reviewed and recommended the appointment of Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney) as alternate director to Mr. Ho Eng Chong @ Ho Kian Cheong to the Board for approval.
- Reviewed and recommended the re-election and re-appointment of Directors at the forthcoming AGM.
- 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 in their role and continue to contribute effectively.

During the financial year, other than the appointment of Mr. Ho Chung Kiat, Sydney (He ChongJie, Sydney) as alternate director to Mr. Ho Eng Chong @ Ho Kian Cheong, there were no other changes to the composition of the Board.

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 Company has formalised the policies and procedures governing the remuneration of Directors and key senior management. The Remuneration Policy is available for reference on the Company's website.

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, whilst 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 Committee ("RC") is established to oversee and review the Board's remuneration. On 1 March 2018, Dato' Ho Cheng Chong @ Ho Kian Hock resigned as a member of the RC and was replaced by Mr. Mahathir Bin Mohamed Ismail. 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 out of 2
YM Tengku Yunus Kamaruddin *Independent Non-Executive Director*	1 out of 2
Mr. Too Hing Yeap @ Too Heng Yip *Senior Independent Non-Executive Director*	2 out of 2
Dato' Ho Cheng Chong @ Ho Kian Hock *(resigned on 1 March 2018)* *Executive Director*	1 out of 1
Mr. Tai Lam Shin *Independent Non-Executive Director*	2 out of 2
Encik Mahathir Bin Mohamed Ismail *(appointed on 1 March 2018)* *Independent Non-Executive Director*	1 out of 1

Summary of activities of the RC for the financial year

The RC's main activities for the financial year ended 31 December 2018 were as follows:

- Reviewed the remuneration package for Executive Directors and Key Senior Management; 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 structure of the fees payable to Directors of the Company for the financial year ended 31 December 2018 is as follows:

	Fees per annum (RM)			
Appointment	**Board**	**Remuneration Committee**	**Nominating Committee**	**Audit Committee**
Chairman	90,000	20,000	20,000	25,000
Member	60,000	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 2018 are as follows:

The Group

	Salaries RM'000	Fees RM'000	Bonus RM'000	(*) Others RM'000	Total RM'000
Executive					
Ho Kim Swee @ Ho Kian Guan	1,448	94	331	115	**1,988**
Dato' Ho Cheng Chong @ Ho Kian Hock	3,304	78	723	438	**4,543**
Chan Lui Ming Ivan	422	76	191	108	**797**
Lee Huee Nan @ Lee Hwee Leng (f)	317	76	143	84	**620**
Ho Chung Kain (He ChongJing)	471	16	143	84	**714**
Ho Chung Hui	471	16	143	84	**714**
Non-Executive					
Ho Eng Chong @ Ho Kian Cheong	-	60	-	7	**67**
Too Hing Yeap @ Too Heng Yip	-	115	-	21	**136**
YM Tengku Yunus Kamaruddin	-	95	-	17	**112**
Maj-Gen (R) Dato' Muhammad Bin Yunus	-	105	-	21	**126**
Tai Lam Shin	-	95	-	21	**116**
Mahathir Bin Mohamed Ismail	-	93	-	20	**113**
Ho Chung Tao	-	-	-	-	**-**
Ho Chung Kiat, Sydney (He ChongJie, Sydney)	-	-	-	-	**-**
Total	6,433	919	1,674	1,020	**10,046**

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					
Ho Kim Swee @ Ho Kian Guan	1,197	90	269	96	**1,652**
Dato' Ho Cheng Chong @ Ho Kian Hock	2,660	62	598	364	**3,684**
Chan Lui Ming Ivan	422	60	191	108	**781**
Lee Huee Nan @ Lee Hwee Leng (f)	317	60	143	84	**604**
Non-Executive					
Ho Eng Chong @ Ho Kian Cheong	-	60	-	7	**67**
Too Hing Yeap @ Too Heng Yip	-	115	-	21	**136**
YM Tengku Yunus Kamaruddin	-	95	-	17	**112**
Maj-Gen (R) Dato' Muhammad Bin Yunus	-	105	-	21	**126**
Tai Lam Shin	-	95	-	21	**116**
Mahathir Bin Mohamed Ismail	-	93	-	20	**113**
Ho Chung Kain (He ChongJing) (Alternate director to Dato' Ho Cheng Chong @ Ho Kian Hock) [N1]	317	-	143	84	**544**
Ho Chung Hui (Alternate director to Lee Huee Nan @ Lee Hwee Leng) [N2]	317	-	143	84	**544**
Ho Chung Tao (Alternate director to Chan Lui Ming Ivan)	-	-	-	-	**-**
Ho Chung Kiat, Sydney (He ChongJie, Sydney) (Alternate director to Ho Eng Chong @ Ho Kian Cheong)	-	-	-	-	**-**
Total	5,230	835	1,487	927	**8,479**

(*) 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.

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 RM450,000	-
RM450,001 to RM500,000	1
RM500,001 to RM550,000	-
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 RM800,000	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 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 Audit Committee Report set out on pages 46 to 50 of this Annual Report. A copy of the policy and procedures to assess the independence of the External Auditors can be found on our Company's website.

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

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

Audit Committee 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 LR 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, scrutinizing 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 35 to 37 of this Annual Report.

Details of the AC members' biography are set out on pages 9 to 18 under Directors' Profile and the Audit Committees' summary of activities for the financial year are outlined on pages 46 to 50 under the Audit Committee 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 2018 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:

- adopted suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured all the requirements of the relevant Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepared the financial statements on a going concern basis; and
- taken reasonable steps 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.

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.

The Directors have general responsibilities for taking such steps that are available to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities and material misstatements.

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 Audit Committee oversees the risk management and internal control function. The Audit Committee, comprising solely Independent Non-Executive Directors, assist the Board in evaluating the adequacy and effectiveness of the system of risk management and internal control. The Audit Committee 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 Audit Committee with regard to the Company's risk management and internal control for the financial year ended 31 December 2018 are separately set out on pages 46 to 50 under the Audit Committee 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 51 to 53 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 Audit Committee 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 Audit Committee. 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 2018 are guided by the Internal Audit Charter and Annual Audit Plan. These activities are separately set out on pages 46 to 50 under the Audit Committee Report.

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

I. Communication With Stakeholders

Strengthening Relationship with Stakeholders

The Group recognizes the need to inform shareholders and investors of all major developments of the Group on a timely basis. The Company is also guided by the Company Secretary on the type and timing of announcements made and also its Corporate Disclosure Policy. The Group's quarterly and other important announcements are reviewed and approved by the Board, disseminated timely and publicly made available on the Company's website at https://my.keckseng.com, which is linked to Bursa Securities' website on announcements.

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 Annual General Meeting ("AGM") as the principal forum for dialogue with shareholders and the Annual Report ("AR") is a vital and convenient source of information for existing and potential investors and stakeholders. Adhering to the "at least 28 days' Notice for an AGM", last year's AGM was held on 30 May 2018 and the Notice of AGM was sent to the shareholders on 30 April 2018. 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 and provides opportunities for the shareholders to raise questions pertaining to the business activities of the Group. All the directors are available to provide meaningful responses to questions raised by the shareholders during the AGM. Even though, the directors are committed to addressing clarifications and queries, they are mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Such information can only be disclosed after the appropriate announcements to Bursa Securities.

During the Company's 48th AGM, the Company has complied with:

- Paragraph 9.21(2)(b) of Bursa Securities' LR, 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 Bursa Securities' LR, which states that all resolutions are poll voted (^); and
- Paragraph 8.29(A)(2) of Bursa Securities' LR, 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 proxies 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 and Practice 11.2 but has not adopted them during the financial year ended 31 December 2018. 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 corporate proposals or exercises carried out during the financial year, therefore no proceeds were raised by the Company for utilisation.

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 47 of the Audit Committee Report and Note 7 of the Financial Statements on page 133 of this Annual Report.

Material Contracts Involving Interests of Directors and Major Shareholders

There were no material contracts by the Company and its subsidiaries involving the interests of the Directors and major shareholders during the financial year ended 31 December 2018.

Recurrent Related Party Transactions Of A Revenue Or Trading Nature

Details of the recurrent related party transactions of a revenue or trading nature are disclosed on pages 173 to 174 of this Annual Report.

AUDIT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

Membership

The Audit Committee 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.

All Audit Committee members are competent in their review of financial statements. The biography of each member of the Audit Committee is set out in pages 9 to 18 under Directors' Profile.

Alternate directors shall not be eligible for appointment as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from 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 will be reviewed annually by the Nominating Committee.

Meetings

Seven (7) meetings were held during the financial year ended 31 December 2018.

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 for the meeting is more than two (2), the majority must be Independent Directors.

In the absence of the Chairman of the Audit Committee, 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 Audit Committee.

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 recognize each other's voice. For this purpose, participation constitute prima facie proof of recognition. The attendance of the committee member will be marked as present and participating by instantaneous telecommunication device. 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.*

Details of the Audit Committee's attendance are as follows:

Members	No of Meetings Attended
Mr. Too Hing Yeap @ Too Heng Yip *Senior Independent Non-Executive Director (Chairman)*	7 out of 7
Maj-Gen (R) Dato' Muhammad Bin Yunus *Independent Non-Executive Director*	6 out of 7
YM Tengku Yunus Kamaruddin *Independent Non-Executive Director*	6 out of 7
Mr. Tai Lam Shin *Independent Non-Executive Director*	7 out of 7
Encik Mahathir Bin Mohamed Ismail *Independent Non-Executive Director*	7 out of 7

AUDIT COMMITTEE REPORT (Cont'd)

MEMBERSHIP AND MEETINGS (cont'd)

Meetings (cont'd)

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

Charter

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

ANNUAL PERFORMANCE REVIEW OF THE AUDIT COMMITTEE

An annual assessment and evaluation on the performance and effectiveness of the Audit Committee for the financial year ended 31 December 2018 was undertaken by the Nominating Committee. The Audit Committee 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 Audit Committee has discharged its functions, duties and responsibilities in accordance with its Charter.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

The summary of activities carried out by the Audit Committee during the financial year ended 31 December 2018 were as follows:

1. External Audit

- reviewed and endorsed the audit plan and scope of work for the year;
- assessed the external auditors' independence and effectiveness in performing the audit. During the 2018 audit plan review, the external auditors have also confirmed their independence with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants;
- 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;
- assessed the performance, competency and professionalism demonstrated by the external auditors during the year;
- reviewed the suitability 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 2018 were as follows:

	Audit Fee RM'000	Non-Audit Fee RM'000
The Company		
- Current	117	12
- Underprovision in prior year	108	-
The Group		
- Current	*1,017	**177
- Underprovision in prior year	108	-

* *includes audit fees amounting to RM773,000 paid to other auditors of subsidiaries in Singapore, Canada, Hong Kong and United States of America.*

** *includes non-audit fees amounting to RM165,000 paid to other auditors of subsidiaries in Canada and United States of America.*

AUDIT COMMITTEE REPORT (Cont'd)

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

1. External Audit (cont'd)

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

During the financial year ended 31 December 2018, the Audit Committee met with the External Auditors twice 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.

Following the reviews and assessments, the Audit Committee is satisfied with the performance and independence of the External Auditors and have recommended to the Board to re-appoint Ernst & Young as external auditors of the Company at the forthcoming Annual General Meeting ("AGM"). The Board has accepted this recommendation and a resolution for the re-appointment of Ernst & Young will be put to the shareholders at the AGM.

The Committee is also satisfied that the level of audit fees payable in respect of the audit services are adequate and an effective audit can be carried out based on such a fee.

2. Internal Audit

- reviewed and approved the proposed annual audit plan;
- reviewed the adequacy of the scope of audit, programmes and processes;
- assessed the internal auditors' independence, effectiveness and performance;
- reviewed the resource requirements of the Internal Audit Department ("IAD");
- reviewed the audit reports presented by the IAD on their findings and recommendations and determine whether Management's response to the findings are adequately addressed; and
- reviewed the findings on investigative case(s) and recommendations including management's responses and resolutions thereon.

The Audit Committee 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.

The Audit Committee will meet up privately (without the presence of the Executive Directors or Management) on a need to basis with the representatives of the IAD in assuring that the mechanisms for corporate accountability are in place and functioning.

3. Risk Management

- reviewed the Risk Assessment Analysis reports and assessed the adequacy and effectiveness of risk management activities of the Group and report to the Board on any significant risks identified.

AUDIT COMMITTEE REPORT (Cont'd)

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

4. Financial Reporting

- 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 or issues;
  - ➢ significant judgmental areas or estimates;
  - ➢ key audit matters;
  - ➢ significant and unusual events; and
  - ➢ compliance with the Main Market Listing Requirements of Bursa Securities and the applicable Financial Reporting Standards and other legal and regulatory requirements.

5. Corporate Governance

- reviewed the applicable amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the corporate governance principles and the extent of the Group's compliance with recommendations set out in the Malaysian Code on Corporate Governance, in conjunction with the preparation of the Corporate Governance Overview Statement, Statement on Risk Management and Internal Control and Sustainability Statement.

6. Related Party Transactions

- reviewed the draft Circular to Shareholders in relation to the proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and Trading Nature and recommended the Circular for Board's approval.

7. Other Matters

- reviewed and proposed to the Board for adoption policies on Diversity and External Auditors' Independence.

TRAINING

During the financial year, all the Audit Committee members attended various seminars, training programmes and briefings. Details of these are available on pages 35 to 37 of this Annual Report.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an independent and adequately resourced in-house IAD. The Audit Committee 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 also provides advisory services designed to add value and improve the operations of the Group.

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

The IAD is governed by its Internal Audit Charter. 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 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.

AUDIT COMMITTEE REPORT (Cont'd)

INTERNAL AUDIT FUNCTION (cont'd)

The main functions of the IAD are to:

- review and assess 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 updates on the extent to which recommendations have been implemented within the required time frame to ensure that all potential weaknesses under reviewed areas 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 2018, work carried out by the IAD covered:

- operational and financial reviews based on the approved annual audit plan; and
- special reviews and investigations based on request by the Audit Committee and/or Management.

Follow up audit reviews were also carried out to monitor and ensure audit recommendations were implemented. 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-seven (27) internal audit reports were presented to the Audit Committee:

Segment	No. Of Reports
Manufacturing	6
Hotels and Resort	6
Property Development and Investment	6
Plantations	3
Share Investment	4
Others	2
Total	**27**

The IAD met up with the external auditors without the presence of the Board or Management on 12 November 2018, to discuss on the 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 2018, the internal audit function incurred a total cost of RM679,000 (RM572,000 in 2017). Higher cost was incurred this financial year due to overseas audits conducted as per approved audit plan and the increase in staff costs due to annual salary review.

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 risk management and internal control practices. The Board acknowledges that it is overall responsible 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 and the assets of the Group.

The Board 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 recognizes that a sound system of risk management and internal control reduces, 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 minimize losses but maximize opportunities; and
- safeguarding shareholders' investments, other stakeholders' interests and Group assets.

Board Committee

The Audit Committee is established by the Board and is governed clearly by its Charter which deal with its duties and authority.

Internal Audit Department

The Internal Audit Department ("IAD") is an integral part of the Group's internal control system and reports directly to the Audit Committee ("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 checks on the adequacy and effectiveness of the system of internal control, compliance to policies and procedures and assesses the integrity of financial information.

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

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 RSC are:

- reviewing and updating risk management policies, procedures and guidelines, where necessary;
- ensuring the Group's policies, laws and regulations are being complied with;
- identifying, evaluating, monitoring of key risks and sustainability matters; and
- recommending risk mitigating measures.

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;
- 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; and
- maintaining an experienced human capital function to oversee the Group's human capital related matters.

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. The RSC 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 Audit Committee and the Board based on the annually approved assessment schedule.

During the financial year ended 31 December 2018, eleven (11) risk assessment analysis reports have been tabled before the Audit Committee and the Board for deliberation. The risk assessment analysis reports have been communicated to respective risk owners in the business units for implementation.

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).
- Financial – risks that affect financial processes and reporting (credit, liquidity, interest rates and foreign currency exchange rates).

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

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, analyzing, 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 and not absolute assurance to detect any material losses, contingencies and uncertainties that would warrant disclosure in the 2018 Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors, Ernst & Young have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2018 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 5 April 2019.

SUSTAINABILITY STATEMENT

The Board acknowledges that no one organization is the same, therefore sustainability governance cannot be applied universally. Factors such as the 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 organizational boundary, grouping its operating business units ("BU") into the following major business segments that account for 99% of the Group's total external revenue (based on 2017 audited results):

The Investment Holding business segment is excluded from the materiality scope as the Board is of the opinion that the share investment holding companies' / divisions' sustainability impacts have either been mitigated or are not material to the Group.

The details of the respective operating BU and the Group's segmental information can be found on pages 187 and 190 of this Annual Report.

SUSTAINABILITY GOVERNANCE STRUCTURE

RSC: Risk and Sustainability Committee

Team	Role
Board	➢ Responsible for the Group's material sustainability matters ("MSM") and the Sustainability Statement.
Audit Committee ("AC")	➢ Oversee the management of identified MSM. ➢ Review the MSM reports and annual work schedule and recommend to the Board for approval. ➢ Oversee the preparation of the annual Sustainability Statement.
Managing Director ("MD")	➢ Review the MSM reports and ensures that appropriate initiatives and action plans are in place to address the sustainability risks and opportunities. ➢ Approve the MSM reports and annual work schedule prior to presenting it to the AC.
Risk and Sustainability Committees ("RSC")	➢ Assist the MD to identify, report and oversee the day -to- day management of sustainability matters ("SM"). ➢ Categorise and prioritise SM to derive at MSM. ➢ Ensure that SM are managed. ➢ Gather necessary SM inputs from relevant departments. ➢ Report on SM based on approved annual MSM work schedule or at least on an annual basis. Subsequent to any initial MSM report, only new material sustainability matters identified or updates (if any), will be highlighted by the RSC to the MD and AC. If no new MSM have been identified or no progress updates are available, it would be reported as such.
Department Managers	➢ Ensure processes and controls are in place to manage the sustainability risks and opportunities. ➢ Ensure that objectives, targets and commitments are achieved. ➢ Ensure that there is an adequate and effective system of internal control and risk management in place. ➢ Develop policies, plans and take action to mitigate risks and achieve targets and commitments. ➢ Report on performance.

SUSTAINABILITY STATEMENT (Cont'd)

SUSTAINABILITY MATTERS

The Group takes a holistic approach in addressing it's economic, environmental and social (EES) risks and opportunities that arises from its operations. On a broad front, the Group maintains its focus on:

Economic	Environment	Social
➢ Integrity & Ethics ➢ Laws & Regulations ➢ Quality Products and Services	➢ Land Conservation ➢ Pest Control Management ➢ Waste, Effluent and Emission Management ➢ Energy & Water Management	➢ Diversity ➢ Employment Practices and Human Rights ➢ Safety and Health ➢ 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. As regulations differ from country to country, to ensure compliance we work closely with all relevant parties and agencies that we operate in. We are also governed by our Code of Conduct (COC) which outlines the way we conduct business and our expectations of business conduct.

We encourage feedback on any violation of our COC. Our Whistleblowing Policy provides an avenue for all to report on any violation.

The COC and Whistleblowing Policies are accessible to all 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 mill have obtained the Malaysian Sustainable Palm Oil (MSPO) certification in December 2018.

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

ENVIRONMENTAL

Land Conservation

Plantations

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 are emphasized as follows:

<u>Soil Protection</u>

a) Estate land with >25° gradient is to be reserved and unplanted for new development or new planting.

b) For slope and flat land with <25° gradient, the existing crop and vegetation shall be conserved accordingly. Enrichment planting of forest planting is recommended.

c) To maintain the soil condition and avoid soil erosion.

ENVIRONMENTAL (cont'd)

Land Conservation (cont'd)

Plantations (cont'd)

Soil Protection (cont'd)

d) To maintain soil moisture (moisture conservation) and maintain soil stability.

e) To identify and record the soil/slope erosion on map and estimate their impact based on their size, structure and location.

f) Responsibilities are clearly assigned to a Person in Charge / Asst. Manager for planning and carrying out soil erosion management plan and action plan.

g) To take necessary corrective action where soils have been damaged by erosion according to the soil erosion management plan.

h) To follow up and maintain documentation when corrective action is done.

Buffer Zone at Lim & Lim Estate's Water Stream

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 stabilization 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 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.

High Conservation Value Areas

Identifying High Conservation Value areas ("HCV"s) 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 HCVs, HCVs location, status and condition, and as far as possible had provided information on areas of habitat, key resources, and critical areas that support such values. To ensure that HCVs are maintained and/or enhanced, the HCV assessment report will be used to develop management recommendations which 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 that are critical to cultural identity.

HCV Area – Lian Huap Estate

ENVIRONMENTAL (cont'd)

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.

<u>IPM Strategies</u>

Detailed procedures in implementing an IPM are explained for each pest and its strategies. Generally, our plantations have carried out the procedures for IPM implementation which consist of the following 3 operational components:

1. Prevention - Habitat Management
   a. Cultural practice.
   b. Preservation of beneficial plants e.g. Turnera subulata, Antigonon leptopus & Cassia cobanensis. These plants provide a habitat for beneficial insects that are predators of pests like bagworms and leaf eating insects.
   c. Maintenance of good ground cover e.g. Mucuna breacteata under immature field, soft grass establishment under mature field.
   d. Knowledge of biology and ecology of pest and its benefits.
      - Biology of rats, leaf-eaters, oryctes etc.
      - Biology of beneficial plants.
      - Biology of natural enemies.

Beneficial Plant – Turnera subulata at Johore Masai Estate

2. Observation - Monitoring/census, early detection
   a. Monitoring of pest.
      - Monthly observations.
      - Proper census at specific intervals for specific pest.
      - Everyone from workers, mandors, staff and executives are expected to be on the lookout for potential pest problems and report back to the management as soon as possible.
   b. Economic thresholds.
      - Each pest has its specific thresholds for initiating chemical controls when exceeded.

ENVIRONMENTAL (cont'd)

Pest Control Management (cont'd)

3. Control measures

   a. Precise targeting of chemical control

      - Use target specific method e.g. trunk injection - Bagworm, targeted spray onto spear and bowl - Oryctes.

      - Use the most cost-effective chemical, to ensure minimum round of application.

      - Where possible, broad spectrum contact pesticides are avoided.

   b. Biological control.

      - Use of biological insecticides.

      - Conservation of natural enemies - parasitoids, predator etc.

      - Rat control using Barn Owl as biological control. Nest boxes are provided around the estates to encourage barn owls to shelter and breed. Barn owl census are carried out on a periodic basis in September/October each year.

Barn Owl Nest Box in Lian Huap Estate

   c. Physical control.

      - Hand collection of larvae or adults of the pest.

      - Trapping - e.g. rat cage and pheromone trap. Pheromone traps are used to lure and trap Oryctes rhinoceros beetles, insects that attacks palm oil shoots.

<u>Safety of Chemical Handling</u>

- Strict control over the issuance of chemicals. Issuance only allowed if authorised by the Plantation Assistant Managers.

- Ensure all chemical handlers wear Personal Protective Equipment (PPE) and clothing at all times during spraying. Regular inspections with checklist are conducted by Supervisor and Assistant in Charge.

- Brief worker on work safety and operational procedures before commencement of work.

- All chemical handlers are subjected to annual medical check-ups to determine whether the workers are fit to handle such tasks.

- No chemical application is allowed on buffer zone area.

- Chemical Health Risk Assessment (CHRA) is conducted and valid.

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. All other forms of opening burning are prohibited within our plantations and premises, including our workers' quarters.

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 to produce thermal energy for the Company's palm oil refinery, kernel crushing and vitamin extraction plants. The use of these tanks improves the efficiency of POME treatment by reducing more than 90% of the Bio-chemical Oxygen Demand.

We continue to engage in improvement plans to ensure that water effluent discharge resulting from our palm oil processing is managed and comply with the requirements of the relevant authority. In controlling such discharges, we have installed an effluent water polishing plant and during the year, further invested in another RM400,000 to install an effluent sludge dewatering system.

Property Development

Our Property Division is committed to ensuring that it complies with the relevant environmental rules and regulations. Environmental Impact Assessment (EIA) 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.

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.

Hotels and Resort

As waste management is an effective measure of resource stewardship, our hotels are actively engaged in reuse, recycling and reprocessing. 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 straws with ecofriendly or paper straws.
- 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.
- Recycle used computer paper for office use.

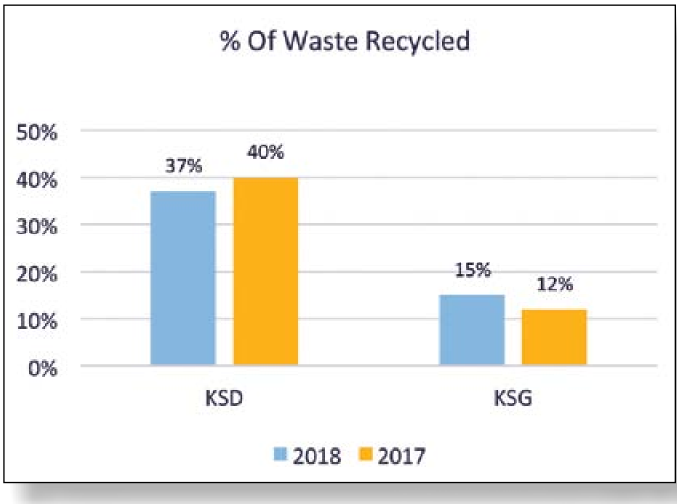
ENVIRONMENTAL (cont'd)

Waste, Effluent and Emission Management (cont'd)

***Hotels and Resort* (cont'd)**

- 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.

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



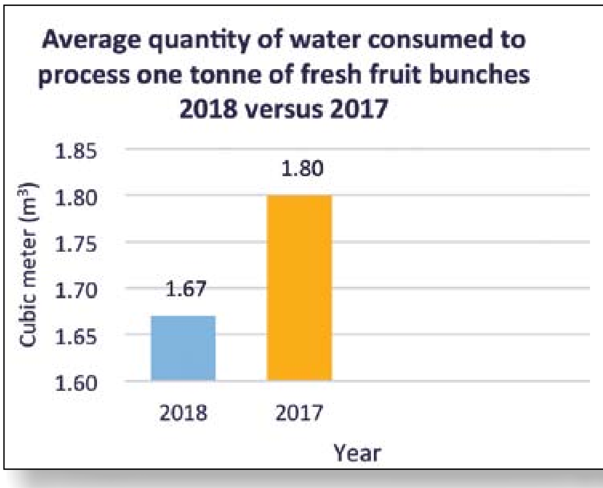
Abbreviation:
KSD - KSD Enterprises Ltd.; Toronto, Canada.
KSG - KSG Enterprises Ltd.; Hawaii, USA.
Note: KSNY Enterprises Ltd. has only started to monitor and track its "waste diverted to recycling" in 2019. Thus, no actual "waste diverted to recycling" data is available for the financial year ended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

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 important to us as it is widely used in our palm oil processing complex. We are committed to managing our water resources effectively whilst not compromising the quality of our Refinery's end products.



ENVIRONMENTAL (cont'd)

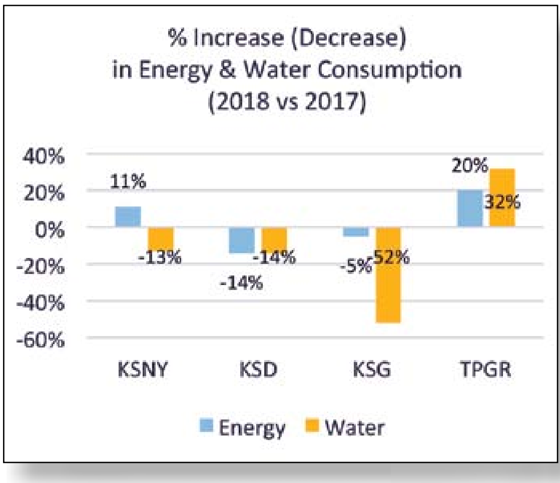
Energy and Water Management (cont'd)

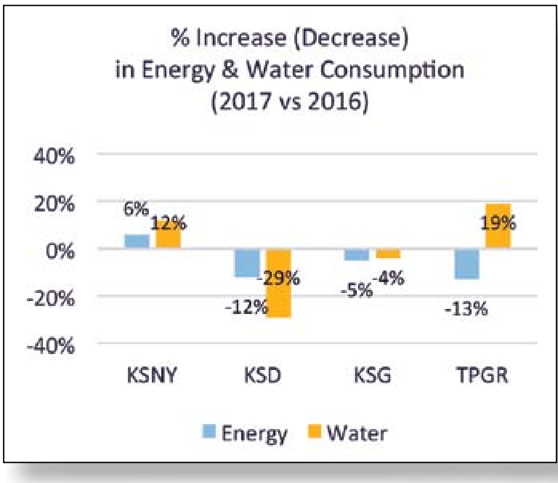
Hotels and Resort

Our hotels and resort strive to maintain efficient systems to minimize 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.
- Perform preventive maintenance checks and annual inspections to ensure all equipment are run at peak efficiency.
- Where necessary replace equipment including lightings with energy and water efficient replacements. During the year, our property in Hawaii had completed modernising its elevator system.
- Resetting of temperature for unoccupied rooms.
- Cold wash formula is used for laundry.
- Open patio door switches off the air-conditioning of the respective room.
- Switching off the power for unoccupied villa units.
- 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 of goods to 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.
- 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.
Note: For comparative purposes, TPGR's 2017 vs 2016 data have been revised accordingly.

ENVIRONMENTAL (cont'd)

Energy and Water Management (cont'd)

***Hotels and Resort* (cont'd)**

Our hotel in Hawaii benchmarked their energy and water consumption against the energy and water reduction goals suggested by Hilton Sustainability Portal "Lightstay". Late 2017, our hotels in New York and Toronto enrolled in Marriott's new sustainability program called "Marriott Environmental Sustainability Hub" ("MESH") program. Thus, since 2018 is the first year in which the hotels' data are uploaded unto MESH, year-to-year comparison via MESH is unavailable at this moment.

KSNY's energy consumption increased by 11% in 2018 (6% increase in 2017) due to the colder winter as New York was hit by four (4) snow storms in 2018, the installation of an additional forty (40) beacons to improve on safety at the hotel's emergency stairways and the resetting of the water temperature of the hotel's hot water loop. The other two overseas hotels' energy consumption rates have shown improvement in 2018, dropping between 14% and 5% (12% and 5% savings in 2017) respectively.

Water consumption for the KSNY and KSD showed a savings of 13% (12% increase in 2017) and 14% (29% savings in 2017) respectively, whilst the 52% reduction (4% savings in 2017) in KSG is an abnormality caused by a faulty water meter. This faulty meter has been rectified in November 2018.

In 2017, TPGR had set an energy and water reduction goal of 10% for 2018, however this was not achieved as more functions and banquets were held in 2018 which required the usage of more than one of its chillers.

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 consumption for 2018 is in tandem with its occupancy rates, however its water usage had decreased by approximately 32% in 2018 (27% decrease in 2017) due mainly to a faulty water meter. The faulty meter has been repaired in March 2018.

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 2018, we have a total of 1,255 (1,232 in 2017) employees and 147 (153 in 2017) contract workers engaged across our major business segments.

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (cont'd)

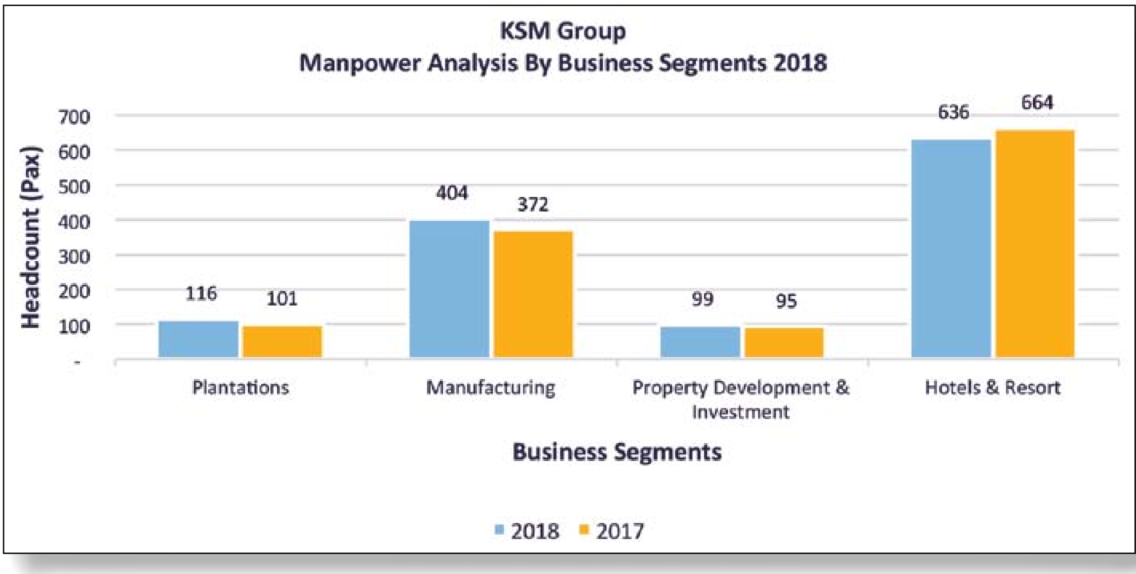
Our Employees (cont'd)

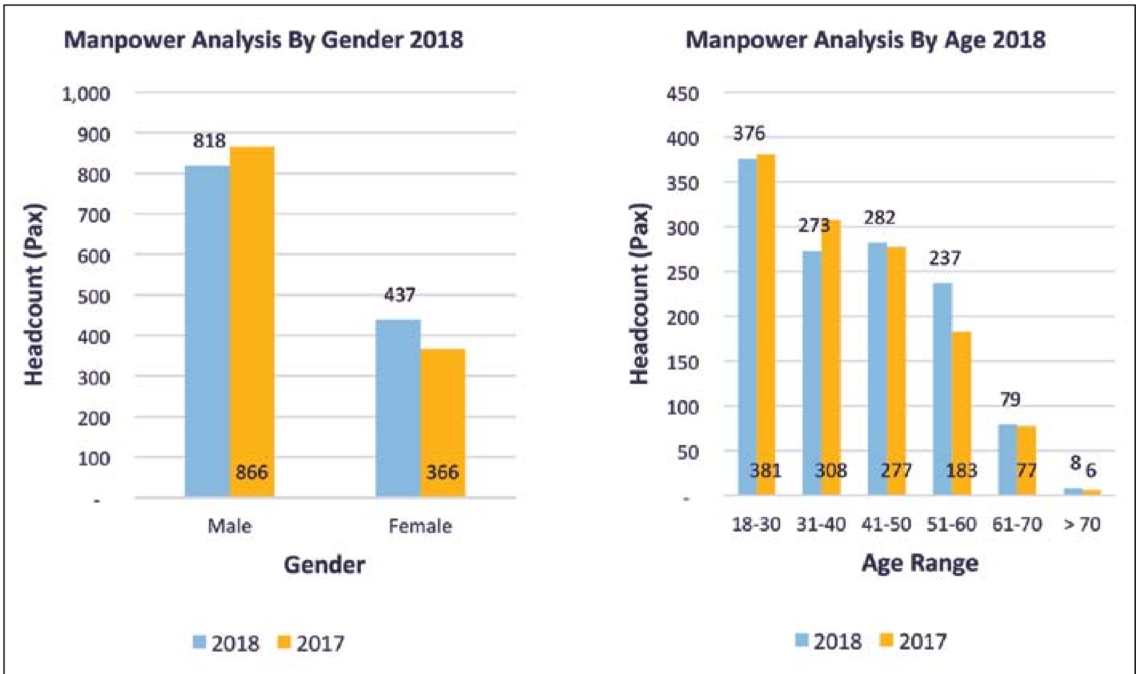
Diversity (cont'd)

Presented below is an analysis of our manpower as at 31 December 2018 (excluding contract workers):-

Manpower Analysis

By Business Segments:





SUSTAINABILITY STATEMENT [Cont'd]

SOCIAL (cont'd)

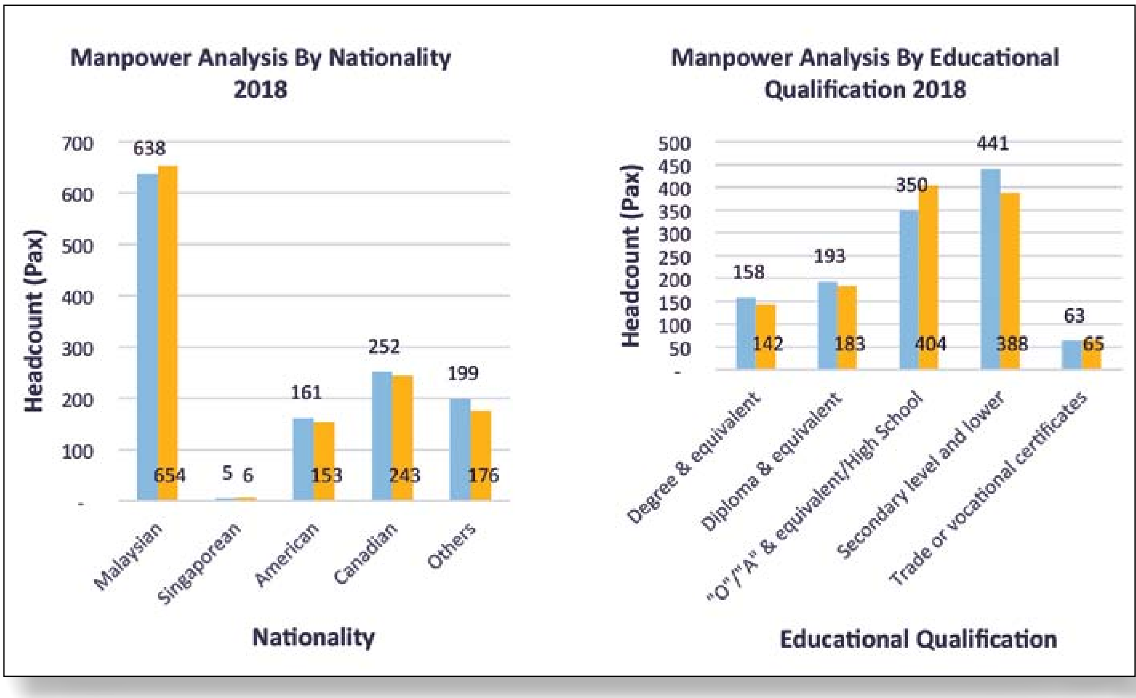
Our Employees (cont'd)

Diversity (cont'd)

Presented below is an analysis of our manpower as at 31 December 2018 (excluding contract workers):-(cont'd)

Manpower Analysis (cont'd)

By Business Segments: (cont'd)



Note:

1. *The educational qualification of our 50 (also 50 in 2017) New York employees is not included and disclosed in the manpower analysis by educational qualification due to certain privacy laws.*
2. *For comparative purposes, certain figures in 2017 have been reclassified.*

Employment Practices and Human Rights

Keck Seng (Malaysia) Berhad recognizes that people are the priority of development. Ensuring our people and other stakeholders' success in their careers, getting short and long-term benefit 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.
- Our Gender Committee for Employees (Management & Workers) protects and handles any complaints or cases of sexual harassment.
- To respect the right of all personnel to form and join trade unions of their choice and to bargain collectively.

SOCIAL (cont'd)

Employment Practices and Human Rights (cont'd)

- Never engage in forced or child (less than 16 years old) labour.

- To engage in fair remuneration practices.

- 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. 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 to regularly audit, review and identify risks of illnesses and injury. Regular 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 life-threatening workplace injuries occurred during 2018.

Manuring Safety Training 2018 – Plantations Division

First Aid Training 2018 – Plantations Division

Chemical Handling Training 2018 – Plantations Division

Fire Fighting Training 2018 – Plantations Division

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, staffs' family day and sports & national day celebrations. In 2018, a few of our company's staff activities are as follow:

Keck Seng Sports & Recreation Club's ("KSSRC") Chinese New Year Dinner 2018

KSSRC's Merdeka Day Sukananeka – 31 August 2018

KSSRC's Sports Carnival 2018 – 20 December 2018

Our Community

Safety and Health

Plantations

To safeguard our local communities' health, anti-malaria / dengue spraying and fogging is 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 tool box meetings are held, adequate first aid boxes are available on-site, bi-weekly site fogging and other health and safety matters are attended to regularly.

SOCIAL (cont'd)

Our Community (cont'd)

Safety and Health (cont'd)

Property Development **(cont'd)**

Tool Box Meeting At Our Project Worksite

Housekeeping At Our Project Worksite

In 2018, no major accidents or incidents occurred that had a negative impact on the current project development progress.

Community Service and Projects

We encourage our business units ("BU") to develop their own community activities or participate in initiatives that will strengthen community growth and welfare. During the year ended 31 December 2018, the following corporate social responsibility activities were carried out by our respective BU:

Local BU

- donated musical instruments to a local religious school in Kong Kong, Masai.

Donating Musical Instruments – 12 June 2018

SUSTAINABILITY STATEMENT [Cont'd]

SOCIAL (cont'd)

Our Community (cont'd)

Community Service and Projects (cont'd)

- donated sporting gear and school uniforms to another local school located at Kong Kong, Masai.

Donating Sporting Gear – 30 July 2018

Donating School Uniforms To Underprivilege Students – 21 Nov 2018

- supported the local community by contributing to religious projects and events, cultural festivals, recreational and charitable organisations such as retirement homes and handicap centre, orphanages and shelters for single mothers, soup kitchen / food bank programmes and drug rehabilitation centre.

Supplying Roofing Materials To Upgrade An Indian Temple – 15 May 2018

Buka Puasa Dinner For Children From Single Parent Homes – 21 May 2018

Chairman Charity Golf – 20 October 2018

SOCIAL (cont'd)

Our Community (cont'd)

Community Service and Projects (cont'd)

Earth Day Beach Clean Up, Waikiki, Hawaii – 22 April 2018

<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 Children's Miracle Network Hospitals - Sick Kids Foundation, Aloha United Way, Salvation Army & Habilitat Hawaii, raising monies for community health care centre, food bank, volunteering in disaster relief, clean-up activities in charity homes and public areas e.g. beaches and donating in-kind during a charity walk event.

Root Beer Day – Fund Raising for the Children's Miracle Network Hospitals – Sick Kids Foundation in Toronto, Canada - 11 August 2018

Fund Raising for Aloha United Way – 31 December 2018

CONCLUSION

Going forward, the Group is committed to pursue and undertake more initiatives to broaden its Corporate Responsibility and Sustainability role.

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 2018.

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 18 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	39,169	42,631
Profit net of tax attributable to:		
Owners of the parent	36,472	42,631
Non-controlling interests	2,697	-
	39,169	42,631

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 2017 were as follows:

	RM'000
In respect of the financial year ended 31 December 2017 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 2018 and paid on 18 July 2018	21,558
In respect of the financial year ended 31 December 2018:	
Single tier first interim ordinary dividend of 4 sen per share on 359,303,000 ordinary shares, declared on 29 August 2018 and paid on 22 November 2018	14,372
	35,930

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 December 2018, of 6 sen per share on 359,303,000 ordinary shares, amounting to a total dividend payable of RM21,558,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

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
Too Hing Yeap @ Too Heng Yip
Tai Lam Shin
Chan Lui Ming Ivan**
Mahathir Bin Mohamed Ismail

Ho Chung Kain (He ChongJing)**	(alternate director to Dato' Ho Cheng Chong @ Ho Kian Hock)
Ho Chung Tao**	(alternate director of Chan Lui Ming Ivan)
Ho Chung Hui**	(alternate director of Lee Huee Nan @ Lee Hwee Leng)
Ho Chung Kiat, Sydney	(appointed on 15 October 2018)
(He ChongJie, Sydney)	(alternate director 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' 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 37 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	6,872	5,397
Fees	935	835
Bonus	1,754	1,487
Defined contribution plan	849	732
Estimated money value of benefits-in-kind	31	28
	10,441	8,479

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	**1.1.2018**	**Acquired**	**Sold**	**31.12.2018**
Ho Kim Swee @ Ho Kian Guan				
- direct interest	24,395,538	-	-	24,395,538
- indirect interest	98,370,073	491,900	-	98,861,973
Dato' Ho Cheng Chong @ Ho Kian Hock				
- direct interest	24,898,087	-	-	24,898,087
- indirect interest	98,370,073	491,900	-	98,861,973
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	-	-	262,800
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

During the 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. The total consideration paid for the repurchase including transaction costs was RM41,736. The shares repurchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

As at 31 December 2018, 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 33(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.

AUDITORS

The auditors, Ernst & Young, 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		
- Current year	244	117
- Underprovision in prior year	108	108
- Other services	12	12
	364	237

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 April 2019.

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 80 to 190 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 2018 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 5 April 2019.

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 80 to 190 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	)	Reuson Seet
on 5 April 2019.	)	(MIA 15467)

Before me,
Commissioner of Oaths
Lim Jit Ngoh
No. J 265

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 2018 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 80 to 190.

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 2018, 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 RM376.83 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 valuation methodologies and making reference to market data of the industry to obtain inputs to the valuations. The estimation of FVLCD is based on assumptions that are highly judgmental, in particular, the assumptions on sale price per room and capitalisation rate of the expected level of potential net income to be generated. Given the significance of the carrying amount 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)

Report on the audit of the financial statements (cont'd)

Key audit matters (cont'd)

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. We obtained an understanding of the methodologies adopted by the management in estimating the FVLCD of the property, plant and equipment and assessed whether such methodology is consistent with those used in the industry. We evaluated the key assumptions used in the estimation of FVLCD by evaluating the comparability of the market data used in arriving at the inputs to these valuations. We also assessed whether the capitalisation rate of the expected level of potential net income to be generated is within the range expected by market participants.

Revenue recognition
(Refer to Notes 2.25 and 4 to the financial statements)

Revenue from the sale of oil palm produce represents 61% and 84% of total revenue of the Group and of the Company for the year. We identified revenue recognition in respect of the sale of oil palm produce as an area of audit focus as we consider the high volume of sales transactions to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. We focused our audit efforts to address the possibility of overstatement of revenue.

How our audit addressed the matter

Our audit procedures for revenue recognition included the following:

- Testing the Group's and the Company's internal controls over timing and amount of revenue recognised.

- Inspecting the terms of significant sales contracts to determine the point of transfer of significant risk and rewards.

- Inspecting documents which evidenced the delivery of goods to customers.

- Testing the recording of sales transactions close to the year end to establish whether the transactions were recorded in the correct accounting period.

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 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.

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

Report on the audit of the financial statements (cont'd)

Key audit matters (cont'd)

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.

(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.

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

Report on the audit of the financial statements (cont'd)

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

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.

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 18 to the financial statements.

Other matters

1. As stated in Note 2.1 to the financial statements, Keck Seng (Malaysia) Berhad adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and financial performance and cash flows for the year then ended.

2. 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
AF 0039
Chartered Accountants

Lee Ming Li
02983/03/2020 J
Chartered Accountant

Johor Bahru, Malaysia
Date : 5 April 2019

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000 (Restated)
Revenue	4	**967,277**	1,189,257	**708,843**	958,989
Cost of sales	5	**(764,211)**	(991,018)	**(640,459)**	(889,475)
Gross profit		**203,066**	198,239	**68,384**	69,514
Other income	6	**28,023**	61,101	**43,011**	56,646
Distribution costs		**(23,654)**	(23,158)	**(11,292)**	(13,291)
Administrative expenses		**(100,171)**	(99,945)	**(26,280)**	(24,909)
Other expenses		**(29,255)**	(97,955)	**(7,748)**	(134,384)
Operating profit/(loss)		**78,009**	38,282	**66,075**	(46,424)
Finance costs	10	**(8,488)**	(7,274)	**(1,269)**	(874)
Profit/(Loss) before tax	7	**69,521**	31,008	**64,806**	(47,298)
Income tax expense	11	**(30,352)**	(7,966)	**(22,175)**	(3,331)
Profit/(Loss) net of tax		**39,169**	23,042	**42,631**	(50,629)
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss in subsequent periods (net of tax)					
Net gain/(loss) on available-for-sale financial assets					
- Gain on fair value changes		**-**	225,569	**-**	25,123
- Transfer to profit or loss upon disposal		**-**	(2,363)	**-**	(2,357)
Foreign currency translation		**13,198**	(45,198)	**-**	-
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**13,198**	178,008	**-**	22,766
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					
- Loss on fair value changes		**(154,750)**	-	**(24,848)**	-
- Transfer of fair value reserve upon disposal		**(6,189)**	-	**(3,637)**	-
		(160,939)	-	**(28,485)**	-
- Net gain on disposal		**6,298**	-	**3,583**	-

STATEMENTS OF COMPREHENSIVE INCOME (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000 (Restated)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(154,641)**	-	**(24,902)**	-
Other comprehensive (loss)/income for the year, net of tax		**(141,443)**	178,008	**(24,902)**	22,766
Total comprehensive (loss)/income for the year, net of tax		**(102,274)**	201,050	**17,729**	(27,863)
Profit/(loss) net of tax attributable to:					
Owners of the parent		**36,472**	22,876	**42,631**	(50,629)
Non-controlling interests		**2,697**	166	**-**	-
		39,169	23,042	**42,631**	(50,629)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(102,917)**	203,429	**17,729**	(27,863)
Non-controlling interests		**643**	(2,379)	**-**	-
		(102,274)	201,050	**17,729**	(27,863)
Earnings per share attributable to owners of the parent (sen per share)					
Basic	12	**10.15**	6.37		
Diluted	12	**N/A**	N/A		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	**31.12.2018 RM'000**	Group 31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	14	**645,197**	644,805	674,151
Investment properties	15	**142,332**	124,259	125,949
Land use rights	16	**17,365**	17,660	17,956
Bearer plants	17	**10,302**	8,191	7,970
Investment securities	19	**545,581**	593,247	377,659
Intangible assets	20	**118**	240	364
Inventories - land held for property development	21(a)	**233,867**	242,406	239,345
Deferred tax assets	35	**-**	5,914	4,436
		1,594,762	1,636,722	1,447,830
Current assets				
Inventories - property development costs	21(b)	**40,749**	14,664	19,951
Inventories - others	22	**93,047**	131,248	186,498
Biological assets	23	**664**	544	1,240
Trade and other receivables	24	**62,903**	86,667	98,237
Other current assets	25	**41,410**	9,293	10,410
Tax recoverable		**5,562**	5,812	7,603
Derivatives	31	**45**	205	5,754
Short term funds	26	**222,213**	191,085	211,850
Cash and bank balances	27	**714,173**	843,853	871,610
		1,180,766	1,283,371	1,413,153
TOTAL ASSETS		**2,775,528**	2,920,093	2,860,983
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings	28	**19,320**	31,329	293,031
Trade and other payables	29	**111,016**	118,303	139,435
Other current liabilities	30	**3,269**	369	328
Derivatives	31	**-**	-	28,568
Tax payable		**782**	516	1,154
		134,387	150,517	462,516
Net current assets		**1,046,379**	1,132,854	950,637

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
AS AT 31 DECEMBER 2018

	Note	Group 31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
Non-current liabilities				
Trade and other payables	29	**6,740**	7,357	11,556
Non-refundable deposits		**920**	1,204	1,347
Deferred tax liabilities	35	**25,183**	18,936	28,026
Loans and borrowings	28	**212,770**	219,663	-
		245,613	247,160	40,929
Total liabilities		**380,000**	397,677	503,445
Net assets		**2,395,528**	2,522,416	2,357,538
Equity attributable to owners of the parent				
Share capital	32	**372,005**	372,005	361,477
Other reserves	33	**228,665**	433,082	263,293
Retained earnings	34	**1,643,438**	1,575,873	1,588,932
		2,244,108	2,380,960	2,213,702
Non-controlling interests		**151,420**	141,456	143,836
Total equity		**2,395,528**	2,522,416	2,357,538
TOTAL EQUITY AND LIABILITIES		**2,775,528**	2,920,093	2,860,983

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

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM'000	Company 31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	14	**38,591**	38,446	41,007
Investment properties	15	**41,364**	19,983	19,194
Bearer plants	17	**2,413**	473	515
Investment in subsidiaries	18	**175,014**	164,814	209,905
Investment securities	19	**162,737**	190,674	151,622
Intangible assets	20	**14**	119	219
Inventories - land held for property development	21(a)	**224,228**	232,767	229,706
Other receivables	24	**310,281**	179,590	190,714
Deferred tax assets	35	**-**	5,914	4,436
		954,642	832,780	847,318
Current assets				
Inventories - property development costs	21(b)	**40,749**	14,664	19,951
Inventories - others	22	**80,214**	116,374	170,622
Biological assets	23	**15**	177	318
Trade and other receivables	24	**220,720**	333,229	308,868
Other current assets	25	**38,637**	6,595	7,497
Tax recoverable		**3,816**	3,417	6,592
Derivatives	31	**45**	205	1
Short term funds	26	**76,378**	51,280	79,562
Cash and bank balances	27	**430,085**	510,800	558,816
		890,659	1,036,741	1,152,227
TOTAL ASSETS		**1,845,301**	1,869,521	1,999,545
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings	28	**7,043**	19,309	21,229
Trade and other payables	29	**138,467**	137,123	167,793
Other current liabilities	30	**3,069**	276	292
Derivatives	31	**-**	-	28,568
		148,579	156,708	217,882
Net current assets		**742,080**	880,033	934,345

COMPANY STATEMENT OF FINANCIAL POSITION (Cont'd)
AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM'000	Company 31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
Non-current liabilities				
Deferred tax liabilities	35	**3,024**	-	-
Trade and other payables	29	**4,856**	5,148	9,821
Non-refundable deposits		**920**	1,204	1,347
		8,800	6,352	11,168
Total liabilities		**157,379**	163,060	229,050
Net assets		**1,687,922**	1,706,461	1,770,495
Equity attributable to owners of the parent				
Share capital	32	**372,005**	372,005	361,477
Other reserves	33	**85,210**	113,736	101,734
Retained earnings	34	**1,230,707**	1,220,720	1,307,284
Total equity		**1,687,922**	1,706,461	1,770,495
TOTAL EQUITY AND LIABILITIES		**1,845,301**	1,869,521	1,999,545

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 2018

		<— Attributable to owners of the parent —>										
			<— Non-Distributable —>					<—Distributable—>				
	Note	Share capital (Note 32) RM'000	Treasury shares (Note 33) RM'000	Revaluation reserve (Note 33) RM'000	Translation reserve (Note 33) RM'000	Fair value reserve (Note 33) RM'000	Premium on acquisition of non-controlling interests RM'000	Capital reserve (Note 33) RM'000	Retained earnings (Note 34) 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	2.2	-	-	(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	2.2	-	-	-	-	(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	(160,939)	-	-	42,770	(102,917)	643	(102,274)
		372,005	(7,013)	-	102,886	133,466	(510)	-	1,679,368	2,280,202	142,102	2,422,304
Transactions with owners												
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 nterests		-	-	-	-	-	-	-	-	-	(379)	(379)
Dividends	13	-	-	-	-	-	-	-	(35,930)	(35,930)	-	(35,930)
Total transactions with owners		-	(41)	-	-	-	(123)	-	(35,930)	(36,094)	9,318	(26,776)
At 31 December 2018		372,005	(7,054)	-	102,886	133,466	(633)	-	1,643,438	2,244,108	151,420	2,395,528

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Attributable to owners of the parent										Non-controlling interests	Total equity
			Non-Distributable						Distributable				
		Share capital (Note 32) RM'000	Share premium RM'000	Treasury shares (Note 33) RM'000	Revaluation reserve (Note 33) RM'000	Translation reserve (Note 33) RM'000	Fair value reserve (Note 33) RM'000	Premium on acquisition of non-controlling interests RM'000	Capital reserve (Note 33) RM'000	Retained earnings (Note 34) RM'000	Total RM'000	RM'000	RM'000
At 1 January 2017													
(as previously stated)		361,477	10,528	(6,777)	11,354	130,287	129,765	(510)	1,538	1,572,705	2,210,367	143,825	2,354,192
Effects from adoption of MFRSs - retrospective	2.2	-	-	-	(11,354)	-	-	-	(1,538)	16,227	3,335	11	3,346
At 1 January 2017													
(as restated)		361,477	10,528	(6,777)	-	130,287	129,765	(510)	-	1,588,932	2,213,702	143,836	2,357,538
Total comprehensive income													
(as previously stated)		-	-	-	-	(42,653)	223,206	-	-	22,858	203,411	(2,380)	201,031
Effects from adoption of MFRSs - retrospective	2.2	-	-	-	-	-	-	-	-	18	18	1	19
Total comprehensive income													
(as restated)		-	-	-	-	(42,653)	223,206	-	-	22,876	203,429	(2,379)	201,050
		361,477	10,528	(6,777)	-	87,634	352,971	(510)	-	1,611,808	2,417,131	141,457	2,558,588
Transactions with owners													
Shares buyback		-	-	(236)	-	-	-	-	-	-	(236)	-	(236)
Reduction of non-controlling interest		-	-	-	-	-	-	-	-	-	-	(1)	(1)
Dividends	13	-	-	-	-	-	-	-	-	(35,935)	(35,935)	-	(35,935)
Total transactions with owners		-	-	(236)	-	-	-	-	-	(35,935)	(36,171)	(1)	(36,172)
Transition to no-par value regime on 31 January 2017*		10,528	(10,528)	-	-	-	-	-	-	-	-	-	-
At 31 December 2017													
(as restated)		372,005	-	(7,013)	-	87,634	352,971	(510)	-	1,575,873	2,380,960	141,456	2,522,416

* Pursuant to Section 618(2) of Companies Act 2016, any outstanding share premium account shall become part of share capital.

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 2018

	Note	Share capital (Note 32) RM'000	<— Non-Distributable Share premium RM'000	Treasury shares (Note 33) RM'000	—> Fair value reserve (Note 33) RM'000	Distributable Retained earnings (Note 34) RM'000	Total equity RM'000
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	2.2	-	-	-	-	(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 restated)		372,005	-	(7,013)	120,749	1,220,423	1,706,164
Total comprehensive (loss)/income		-	-	-	(28,485)	46,214	17,729
		372,005	-	(7,013)	92,264	1,266,637	1,723,893
Transactions with owners							
Shares buyback		-	-	(41)	-	-	(41)
Dividends	13	-	-	-	-	(35,930)	(35,930)
		-	-	(41)	-	(35,930)	(35,971)
At 31 December 2018		372,005	-	(7,054)	92,264	1,230,707	1,687,922

COMPANY STATEMENT OF CHANGES IN EQUITY (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital (Note 32) RM'000	<—— Share premium RM'000	Non-Distributable Treasury shares (Note 33) RM'000	——> Fair value reserve (Note 33) RM'000	Distributable Retained earnings (Note 34) RM'000	Total equity RM'000
At 1 January 2017 (as previously stated)		361,477	10,528	(6,777)	97,983	1,310,305	1,773,516
Effects from adoption of MFRSs - retrospective	2.2	-	-	-	-	(3,021)	(3,021)
At 1 January 2017 (as restated)		361,477	10,528	(6,777)	97,983	1,307,284	1,770,495
Total comprehensive loss (as previously stated)		-	-	-	22,766	(50,870)	(28,104)
Effects from adoption of MFRSs - retrospective	2.2	-	-	-	-	241	241
Total comprehensive loss (as restated)		-	-	-	22,766	(50,629)	(27,863)
		361,477	10,528	(6,777)	120,749	1,256,655	1,742,632
Transactions with owners							
Shares buyback		-	-	(236)	-	-	(236)
Dividends	13	-	-	-	-	(35,935)	(35,935)
		-	-	(236)	-	(35,935)	(36,171)
Transition to no-par value regime on 31 January 2017*		10,528	(10,528)	-	-	-	-
At 31 December 2017 (as restated)		372,005	-	(7,013)	120,749	1,220,720	1,706,461

* Pursuant to Section 618(2) of Companies Act 2016, any outstanding share premium account shall become part of share capital.

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 2018

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000 (Restated)	**RM'000**	RM'000 (Restated)
Cash flows from operating activities				
Profit/(Loss) before tax	**69,521**	31,008	**64,806**	(47,298)
Adjustments for :				
Gain on disposal of property, plant and equipment	**(125)**	(38)	**(126)**	(6)
Gain on disposal of investment securities	**-**	(5,993)	**-**	(2,513)
Loss on disposal of investment property	**3**	-	**-**	-
Depreciation of property, plant and equipment	**33,066**	31,551	**4,528**	4,483
Depreciation of investment properties	**4,092**	4,121	**309**	310
Depreciation of bearer plants	**471**	492	**21**	20
Impairment loss on land held for development	**63**	-	**63**	-
Property, plant and equipment written off	**290**	222	**282**	18
Bearer plants written off	**-**	563	**-**	558
Bad debts (recovered)/written off	**(58)**	141	**-**	-
Interest expenses	**8,488**	7,274	**1,269**	874
Impairment loss on trade receivables	**124**	89	**-**	-
Inventories written back	**(278)**	(207)	**(277)**	(167)
Inventories written off	**-**	39	**-**	-
Dividend income	**(11,206)**	(9,553)	**(17,039)**	(20,743)
Unrealised foreign exchange (gain)/loss	**(20)**	51,613	**(13,422)**	63,976
Interest income	**(20,706)**	(18,114)	**(22,779)**	(17,672)
Net fair value loss/(gain) on derivatives	**160**	(24,900)	**160**	(28,772)
(Gain)/Loss on fair value change in biological assets	**(120)**	696	**162**	141
Fair value loss/(gain) on financial assets at fair value through profit or loss	**4,012**	-	**(252)**	-
Impairment loss on investment in subsidiaries	**-**	-	**-**	45,091
Amortisation of intangible assets	**129**	129	**105**	105
Amortisation of land use rights	**295**	296	**-**	-
Operating profit/(loss) before changes in working capital	**88,201**	69,429	**17,810**	(1,595)
Receivables	**4,856**	(4,970)	**(32,993)**	(50,277)
Inventories	**38,446**	55,396	**36,438**	54,415
Payables	**4,763**	(36,902)	**3,565**	(35,499)
Property development costs	**(15,200)**	14,772	**(15,200)**	14,772
Cash generated from/(used in) operations	**121,066**	97,725	**9,620**	(18,184)
Interest paid	**(8,488)**	(7,274)	**(1,026)**	(874)
Income tax paid	**(17,819)**	(15,547)	**(13,394)**	(1,433)
Net cash generated from/(used in) operating activities	**94,759**	74,904	**(4,800)**	(20,491)

STATEMENTS OF CASH FLOWS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000 (Restated)	**RM'000**	RM'000 (Restated)
Cash flows from investing activities				
Purchase of property, plant and equipment	**(28,833)**	(50,089)	**(4,971)**	(1,975)
Purchase of intangible assets	**(7)**	(5)	**-**	(5)
Purchase of investment properties	**(17,413)**	(1,440)	**(16,929)**	-
Proceeds from disposal of investment securities	**11,751**	13,851	**8,365**	6,023
Proceeds from disposal of property, plant and equipment	**143**	80	**142**	41
Purchase of investment securities	**(116,356)**	(19,796)	**(5,332)**	(19,796)
Payment for bearer plants	**(2,582)**	(1,276)	**(1,961)**	(536)
Dividends received	**10,965**	9,350	**16,797**	20,541
Increase in land held for property development	**(7,170)**	(13,646)	**(7,170)**	(13,646)
Interest received	**20,706**	18,114	**22,779**	17,672
Acquisition of shares in subsidiary	**-**	-	**(9,697)**	-
Capital repayment from unquoted investment	**2,418**	-	**-**	-
(Placement)/Withdrawal of fund in money market	**(33,025)**	19,672	**(25,143)**	28,282
Withdrawal/(Placement) of deposits with maturity more than three months	**207,328**	(220,897)	**207,421**	(220,811)
Net cash generated from/(used in) investing activities	**47,925**	(246,082)	**184,301**	(184,210)
Cash flows from financing activities				
Treasury shares purchased	**(41)**	(236)	**(41)**	(236)
Acquisition of non-controlling interests	**(503)**	-	**(503)**	-
Dividends paid	**(35,930)**	(35,935)	**(35,930)**	(35,935)
Advances from shareholders of a subsidiary	**-**	9,696	**-**	-
Drawdown from loans and borrowings	**-**	4,309	**-**	-
Repayment of loans and borrowings	**(11,941)**	(16,656)	**-**	-
Net cash used in financing activities	**(48,415)**	(38,822)	**(36,474)**	(36,171)
Net increase/(decrease) in cash and cash equivalents	**94,269**	(210,000)	**143,027**	(240,872)
Effects of exchange rate changes on cash and cash equivalents	**(49,814)**	(83,018)	**(49,518)**	(72,426)
Cash and cash equivalents at 1 January	**521,087**	814,105	**193,266**	506,564
Cash and cash equivalents at 31 December (Note 27)	**565,542**	521,087	**286,775**	193,266

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 2018

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 18.

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") and the requirements of the Companies Act 2016 in Malaysia. For all periods up to and including the year ended 31 December 2017, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards ("FRS"). These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with MFRS. Refer to Note 2.2 for information on how the Group and the Company adopted MFRS and the impact of transition to MFRS.

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.

As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRS. The Group and the Company have elected certain optional exemptions and not to apply the following accounting standards retrospectively:

- MFRS 3 Business Combinations
- MFRS 9 Financial Instruments
- MFRS 10 Consolidated Financial Statements

At the date of transition to MFRS, the Group and the Company have also elected to apply the optional exemption of MFRS 116 Property, Plant and Equipment to regard the revalued amounts of freehold estates as at 1980 as deemed cost at the date of the transition. The revaluation surplus was transferred to retained earnings on date of transition to MFRS.

Other than the changes arising from the adoption of the MFRS Framework as disclosed in Note 2.2, the accounting policies and presentation adopted for this financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2017.

2.2 Changes in accounting policies

These financial statements, for the year ended 31 December 2018, are the first the Group and the Company have prepared in accordance with MFRS. For periods up to and including the year ended 31 December 2017, the Group and the Company prepared its financial statements in accordance with FRS.

Accordingly, the Group and the Company have prepared financial statements that comply with MFRS applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the significant accounting policies. In preparing the financial statements, the Group’s and the Company's opening statement of financial position was prepared as at 1 January 2017, the Group’s date of transition to MFRS. This note explains the principal adjustments made by the Group and the Company in restating its FRS financial statements, including the statement of financial position as at 1 January 2017 and the financial statements for the year ended 31 December 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

There are no adjustments arising from the transition to MFRS except for those discussed below. Accordingly, notes related to the statements of financial position as at date of transition to MFRS are only presented for those items.

The impact arising from the adoption is summarised as follows:

Group reconciliation of financial position
As at 1 January 2017 (date of transition to MFRS)

	Note	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
ASSETS				
Non-current liabilities				
Property, plant and equipment		674,151	-	674,151
Investment properties		125,949	-	125,949
Land use rights		17,956	-	17,956
Bearer plants	a	-	7,970	7,970
Investment securities		377,659	-	377,659
Intangible assets		364	-	364
Inventories - land held for property development	e	256,474	(17,129)	239,345
Deferred tax assets	c	3,483	953	4,436
		1,456,036	(8,206)	1,447,830
Current assets				
Inventories - property development costs	e	20,184	(233)	19,951
Inventories - others	e	186,532	(34)	186,498
Biological assets	b	-	1,240	1,240
Trade and other receivables		98,237	-	98,237
Other current assets		10,410	-	10,410
Tax recoverable		7,603	-	7,603
Derivatives		5,754	-	5,754
Short term funds		211,850	-	211,850
Cash and bank balances		871,610	-	871,610
		1,412,180	973	1,413,153
Total assets		2,868,216	(7,233)	2,860,983

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Group reconciliation of financial position
As at 1 January 2017 (date of transition to MFRS) (cont'd)

	Note	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Equity and liabilities				
Current liabilities				
Loans and borrowings		293,031	-	293,031
Trade and other payables		139,435	-	139,435
Other current liabilities		328	-	328
Derivatives		28,568	-	28,568
Tax payable		1,154	-	1,154
		462,516	-	462,516
Net current assets		949,664	973	950,637
Non-current liabilities				
Provisions	e	12,589	(12,589)	-
Trade and other payables		11,556	-	11,556
Non-refundable deposits		1,347	-	1,347
Deferred tax liabilities	c	26,016	2,010	28,026
		51,508	(10,579)	40,929
Total liabilities		514,024	(10,579)	503,445
Net assets		2,354,192	3,346	2,357,538
Equity attributable to equity holder of the Company				
Share capital		361,477	-	361,477
Other reserves	f	276,185	(12,892)	263,293
Retained earnings		1,572,705	16,227	1,588,932
		2,210,367	3,335	2,213,702
Non-controlling interests		143,825	11	143,836
Total equity		2,354,192	3,346	2,357,538
Total equity and liabilities		2,868,216	(7,233)	2,860,983

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Group reconciliation of financial position
As at 31 December 2017

	Note	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
ASSETS				
Non-current assets				
Property, plant and equipment		644,805	-	644,805
Investment properties		124,259	-	124,259
Land use rights		17,660	-	17,660
Bearer plants	a	-	8,191	8,191
Investment securities		593,247	-	593,247
Intangible assets		240	-	240
Inventories - land held for property development	e	259,362	(16,956)	242,406
Deferred tax assets	c	5,003	911	5,914
		1,644,576	(7,854)	1,636,722
Current assets				
Inventories - property development costs	e	14,898	(234)	14,664
Inventories - others	e	131,282	(34)	131,248
Biological assets	b	-	544	544
Trade and other receivables	e	86,560	107	86,667
Other current assets	e	9,106	187	9,293
Tax recoverable		5,812	-	5,812
Derivatives		205	-	205
Short term funds		191,085	-	191,085
Cash and bank balances		843,853	-	843,853
		1,282,801	570	1,283,371
Total assets		2,927,377	(7,284)	2,920,093

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Group reconciliation of financial position
As at 31 December 2017
(cont'd)

	Note	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Equity and liabilities				
Current liabilities				
Loans and borrowings		31,329	-	31,329
Trade and other payables		118,303	-	118,303
Other current liabilities		369	-	369
Tax payable		516	-	516
		150,517	-	150,517
Net current assets		1,132,284	570	1,132,854
Non-current liabilities				
Provisions	e	12,589	(12,589)	-
Trade and other payables		7,357	-	7,357
Non-refundable deposits		1,204	-	1,204
Deferred tax liabilities	c	16,996	1,940	18,936
Loans and borrowings		219,663	-	219,663
		257,809	(10,649)	247,160
Total liabilities		408,326	(10,649)	397,677
Net assets		2,519,051	3,365	2,522,416
Equity attributable to equity holder of the Company				
Share capital		372,005	-	372,005
Other reserves	f	445,974	(12,892)	433,082
Retained earnings		1,559,628	16,245	1,575,873
		2,377,607	3,353	2,380,960
Non-controlling interests		141,444	12	141,456
Total equity		2,519,051	3,365	2,522,416
Total equity and liabilities		2,927,377	(7,284)	2,920,093

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Group reconciliation of total comprehensive income
For the year ended 31 December 2017

	Note	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Revenue	e	1,189,654	(397)	1,189,257
Cost of sales	a, e	(989,672)	(1,346)	(991,018)
Gross profit		199,982	(1,743)	198,239
Other income	e	61,285	(184)	61,101
Distribution costs	e	(24,439)	1,281	(23,158)
Administrative expenses	e	(100,566)	621	(99,945)
Other expenses	a, b	(97,972)	17	(97,955)
Operating profit		38,290	(8)	38,282
Finance costs		(7,274)	-	(7,274)
Profit before tax		31,016	(8)	31,008
Income tax expense	c	(7,993)	27	(7,966)
Profit net of tax		23,023	19	23,042
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to periods (net of tax)				
Net gain/(loss) on available-for-sale financial assets				
- Gain on fair value changes		225,569	-	225,569
- Transfer to profit or loss upon disposal		(2,363)	-	(2,363)
Foreign currency translation		(45,198)	-	(45,198)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		178,008	-	178,008

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Group reconciliation of total comprehensive income
For the year ended 31 December 2017
(cont'd)

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Items that will not be reclassified subsequently to profit or loss (net of tax)			
Net (loss)/gain on equity instruments designated at fair value through other comprehensive income			
- Loss on fair value changes	-	-	-
- Transfer of fair value reserve upon disposal	-	-	-
- Net gain on disposal	-	-	-
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	-	-	-
Other comprehensive income for the year, net of tax	178,008	-	178,008
Total comprehensive income for the year, net of tax	201,031	19	201,050
Profit net of tax attributable to:			
Owners of the parent	22,858	18	22,876
Non-controlling interests	165	1	166
	23,023	19	23,042
Total comprehensive income attributable to:			
Owners of the parent	203,411	18	203,429
Non-controlling interests	(2,380)	1	(2,379)
	201,031	19	201,050
Earnings per share attributable to owners of the parent (sen per share)			
Basic	6.36	0.01	6.37
Diluted	N/A	-	N/A

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Group reconciliation of cash flows for the year ended 31 December 2017

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Cash flows from operating activities			
Profit before tax	31,016	(8)	31,008
Adjustments for :			
Gain on disposal of property, plant and equipment	(38)	-	(38)
Gain on disposal of investment securities	(5,993)	-	(5,993)
Depreciation of property, plant and equipment	31,551	-	31,551
Depreciation of investment properties	4,121	-	4,121
Depreciation of bearer plants	-	492	492
Property, plant and equipment written off	222	-	222
Bearer plants written off	-	563	563
Bad debts written off	141	-	141
Interest expenses	7,274	-	7,274
Impairment loss on trade receivables	89	-	89
Inventories written back	(207)	-	(207)
Inventories written off	39	-	39
Dividend income	(9,553)	-	(9,553)
Unrealised foreign exchange loss	51,613	-	51,613
Interest income	(18,114)	-	(18,114)
Net fair value gain on derivatives	(24,900)	-	(24,900)
Loss on fair value change in biological assets	-	696	696
Amortisation of intangible assets	129	-	129
Amortisation of land use rights	296	-	296
Operating profit before changes in working capital	67,686	1,743	69,429
Receivables	(4,676)	(294)	(4,970)
Inventories	55,396	-	55,396
Payables	(36,902)	-	(36,902)
Property development costs	14,772	-	14,772
Cash generated from operations	96,276	1,449	97,725
Interest paid	(7,274)	-	(7,274)
Income tax paid	(15,547)	-	(15,547)
Net cash generated from operating activities	73,455	1,449	74,904

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Group reconciliation of cash flows for the year ended 31 December 2017 (cont'd)

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Cash flows from investing activities			
Purchase of property, plant and equipment	(50,089)	-	(50,089)
Purchase of intangible assets	(5)	-	(5)
Purchase of investment properties	(1,440)	-	(1,440)
Proceeds from disposal of investment securities	13,851	-	13,851
Proceeds from disposal of property, plant and equipment	80	-	80
Purchase of investment securities	(19,796)	-	(19,796)
Payment for bearer plants	-	(1,276)	(1,276)
Dividends received	9,350	-	9,350
Increase in land held for property development	(13,473)	(173)	(13,646)
Interest received	18,114	-	18,114
Withdrawal of fund in money market	19,672	-	19,672
Placement of deposits with maturity more than three months	(220,897)	-	(220,897)
Net cash used in investing activities	(244,633)	(1,449)	(246,082)
Cash flows from financing activities			
Treasury shares purchased	(236)	-	(236)
Dividends paid	(35,935)	-	(35,935)
Advances from shareholders of a subsidiary	9,696	-	9,696
Drawdown from loans and borrowings	4,309	-	4,309
Repayment of loans and borrowings	(16,656)	-	(16,656)
Net cash used in financing activities	(38,822)	-	(38,822)
Net decrease in cash and cash equivalents	(210,000)	-	(210,000)
Effects of exchange rate changes on cash and cash equivalents	(83,018)	-	(83,018)
Cash and cash equivalents at 1 January	814,105	-	814,105
Cash and cash equivalents at 31 December	521,087	-	521,087

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Company reconciliation of financial position
As at 1 January 2017 (date of transition to MFRS)

	Note	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
ASSETS				
Non-current assets				
Property, plant and equipment		41,007	-	41,007
Investment properties		19,194	-	19,194
Bearer plants	a	-	515	515
Investment in subsidiaries		209,905	-	209,905
Investment securities		151,622	-	151,622
Intangible assets		219	-	219
Inventories - land held for property development	e	246,835	(17,129)	229,706
Other receivables		190,714	-	190,714
Deferred tax assets	c	3,483	953	4,436
		862,979	(15,661)	847,318
Current assets				
Inventories - property development costs	e	20,184	(233)	19,951
Inventories - others	e	170,656	(34)	170,622
Biological assets	b	-	318	318
Trade and other receivables		308,868	-	308,868
Other current assets		7,497	-	7,497
Tax recoverable		6,592	-	6,592
Derivatives		1	-	1
Short term funds		79,562	-	79,562
Cash and bank balances		558,816	-	558,816
		1,152,176	51	1,152,227
Total assets		2,015,155	(15,610)	1,999,545

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Company reconciliation of financial position
As at 1 January 2017 (date of transition to MFRS)
(cont'd)

	Note	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Equity and liabilities				
Current liabilities				
Loans and borrowings		21,229	-	21,229
Trade and other payables		167,793	-	167,793
Other current liabilities		292	-	292
Derivatives		28,568	-	28,568
		217,882	-	217,882
Net current assets		934,294	51	934,345
Non-current liabilities				
Provisions	e	12,589	(12,589)	-
Trade and other payables		9,821	-	9,821
Non-refundable deposits		1,347	-	1,347
		23,757	(12,589)	11,168
Total liabilities		241,639	(12,589)	229,050
Net assets		1,773,516	(3,021)	1,770,495
Equity attributable to equity holder of the Company				
Share capital		361,477	-	361,477
Other reserves		101,734	-	101,734
Retained earnings		1,310,305	(3,021)	1,307,284
Total equity		1,773,516	(3,021)	1,770,495
Total equity and liabilities		2,015,155	(15,610)	1,999,545

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Company reconciliation of financial position
As at 31 December 2017

	Note	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
ASSETS				
Non-current assets				
Property, plant and equipment		38,446	-	38,446
Investment properties		19,983	-	19,983
Bearer plants	a	-	473	473
Investment in subsidiaries		164,814	-	164,814
Investment securities		190,674	-	190,674
Intangible assets		119	-	119
Inventories - land held for property development	e	249,723	(16,956)	232,767
Other receivables		179,590	-	179,590
Deferred tax assets	c	5,003	911	5,914
		848,352	(15,572)	832,780
Current assets				
Inventories - property development costs	e	14,898	(234)	14,664
Inventories - others	b	116,408	(34)	116,374
Biological assets	b	-	177	177
Trade and other receivables	e	333,122	107	333,229
Other current assets	e	6,408	187	6,595
Tax recoverable		3,417	-	3,417
Derivatives		205	-	205
Short term funds		51,280	-	51,280
Cash and bank balances		510,800	-	510,800
		1,036,538	203	1,036,741
Total assets		1,884,890	(15,369)	1,869,521

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Company reconciliation of financial position
As at 31 December 2017
(cont'd)

	Note	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Equity and liabilities				
Current liabilities				
Loans and borrowings		19,309	-	19,309
Trade and other payables		137,123	-	137,123
Other current liabilities		276	-	276
		156,708	-	156,708
Net current assets		879,830	203	880,033
Non-current liabilities				
Provisions	e	12,589	(12,589)	-
Trade and other payables		5,148	-	5,148
Non-refundable deposits		1,204	-	1,204
		18,941	(12,589)	6,352
Total liabilities		175,649	(12,589)	163,060
Net assets		1,709,241	(2,780)	1,706,461
Equity attributable to equity holder of the Company				
Share capital		372,005	-	372,005
Other reserves		113,736	-	113,736
Retained earnings		1,223,500	(2,780)	1,220,720
Total equity		1,709,241	(2,780)	1,706,461
Total equity and liabilities		1,884,890	(15,369)	1,869,521

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Company reconciliation of total comprehensive income
For the year ended 31 December 2017

	Note	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Revenue	e	959,386	(397)	958,989
Cost of sales	a, e	(888,601)	(874)	(889,475)
Gross profit		70,785	(1,271)	69,514
Other income	e	56,830	(184)	56,646
Distribution costs	e	(14,572)	1,281	(13,291)
Administrative expenses	e	(25,530)	621	(24,909)
Other expenses	b, e	(134,220)	(164)	(134,384)
Operating loss		(46,707)	283	(46,424)
Finance costs		(874)	-	(874)
Loss before tax		(47,581)	283	(47,298)
Income tax expense	c	(3,289)	(42)	(3,331)
Loss net of tax		(50,870)	241	(50,629)
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to periods (net of tax)				
Net gain/(loss) on available-for-sale financial assets				
- Gain on fair value changes		25,123	-	25,123
- Transfer to profit or loss upon disposal		(2,357)	-	(2,357)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		22,766	-	22,766

2.2 Changes in accounting policies (cont'd)

Company reconciliation of total comprehensive income
For the year ended 31 December 2017
(cont'd)

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Items that will not be reclassified subsequently to profit or loss (net of tax)			
Net (loss)/gain on equity instruments designated at fair value through other comprehensive income			
- Loss on fair value changes	-	-	-
- Transfer of fair value reserve upon disposal	-	-	-
- Net gain on disposal	-	-	-
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	-	-	-
Other comprehensive income for the year, net of tax	22,766	-	22,766
Total comprehensive income for the year, net of tax	(28,104)	241	(27,863)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Company reconciliation of cash flows for the year ended 31 December 2017

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Cash flows from operating activities			
Loss before tax	(47,581)	283	(47,298)
Adjustments for :			
Gain on disposal of property, plant and equipment	(6)	-	(6)
Gain on disposal of investment securities	(2,513)	-	(2,513)
Depreciation of property, plant and equipment	4,483	-	4,483
Depreciation of investment properties	310	-	310
Depreciation of bearer plants	-	20	20
Property, plant and equipment written off	18	-	18
Bad debts written off	-	558	558
Interest expenses	874	-	874
Inventories written back	(167)	-	(167)
Dividend income	(20,743)	-	(20,743)
Unrealised foreign exchange loss	63,976	-	63,976
Interest income	(17,672)	-	(17,672)
Net fair value gain on derivatives	(28,772)	-	(28,772)
Loss on fair value change in biological assets	-	141	141
Impairment loss on investment in subsidiaries	45,091	-	45,091
Amortisation of intangible assets	105	-	105
Operating loss before changes in working capital	(2,597)	1,002	(1,595)
Receivables	(49,984)	(293)	(50,277)
Inventories	54,415	-	54,415
Payables	(35,499)	-	(35,499)
Property development costs	14,772	-	14,772
Cash used in operations	(18,893)	709	(18,184)
Interest paid	(874)	-	(874)
Income tax paid	(1,433)	-	(1,433)
Net cash used in operating activities	(21,200)	709	(20,491)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Company reconciliation of cash flows for the year ended 31 December 2017 (cont'd)

	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,975)	-	(1,975)
Purchase of intangible assets	(5)	-	(5)
Proceeds from disposal of investment securities	6,023	-	6,023
Proceeds from disposal of property, plant and equipment	41	-	41
Purchase of investment securities	(19,796)	-	(19,796)
Payment for bearer plants	-	(536)	(536)
Dividends received	20,541	-	20,541
Increase in land held for property development	(13,473)	(173)	(13,646)
Interest received	17,672	-	17,672
Withdrawal of fund in money market	28,282	-	28,282
Placement of deposits with maturity more than three months	(220,811)	-	(220,811)
Net cash used in investing activities	(183,501)	(709)	(184,210)
Cash flows from financing activities			
Treasury shares purchased	(236)	-	(236)
Dividends paid	(35,935)	-	(35,935)
Net cash used in financing activities	(36,171)	-	(36,171)
Net decrease in cash and cash equivalents	(240,872)	-	(240,872)
Effects of exchange rate changes on cash and cash equivalents	(72,426)	-	(72,426)
Cash and cash equivalents at 1 January	506,564	-	506,564
Cash and cash equivalents at 31 December	193,266	-	193,266

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Notes to the reconciliation of statement position as at 1 January 2017 and 31 December 2017 and total comprehensive income for the year ended 31 December 2017

a Bearer Plants and cost of sales

Prior to the adoption of the Amendments to MFRS 116 and MFRS 141 Agriculture, all replanting expenditure incurred from land clearing to the point of harvesting was treated as replanting expenditure and charged to the profit or loss.

Upon the adoption of the Amendments to MFRS 116 and MFRS 141, the replanting expenditure that were charged to profit or loss in prior years are now capitalised as bearer plants and depreciated over the remaining useful lives of the bearer plants.

b Biological assets and other expenses

Prior to the adoption of MFRS 141 Agriculture, biological assets which form part of the bearer plants were not recognised. Upon the adoption of MFRS 141, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell.

The changes in fair value less costs to sell of the biological assets are recognised in profit or loss during the financial year.

c Deferred tax

The various transitional adjustments lead to different temporary differences. According to the accounting policies stated in Note 2.26 (b), the Group and the Company have to account for such differences. Deferred tax adjustments are recognised for the underlying transactions either in retained earnings or a separate component of equity.

d Financial instruments

Under the MFRS 1, the Group and the Company have elected the optional exemption which allows the Group and the Company not to restate comparative information in the year of initial application. The Group and the Company continues to apply FRS 139 “Financial Instruments: Recognition and Measurement” and FRS 7 “Financial Instruments: Disclosures” for the comparative information. To align the carrying amount of financial assets and financial liabilities under the previous FRS 139 with MFRS 9, RM 58.6 million was written- back for the impairment of quoted investment made in prior year to retained earnings and fair value reserve as at 1 January 2018.

e Revenue from contracts with customers

With the adoption of MFRS 15, the Group and the Company recognise the revenue from contracts with customers when or as the Group and the Company transfer goods or services to a customer, measured at the amount to which the Group and the Company expects to be entitled according to the terms and conditions stipulated in the contracts with customers. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the Group's and the Company's performance; or at a point in time, when control of the goods or services is transferred to the customers.

Property development costs and land held for property development are measured at the lower of costs and net realisable value in accordance with MFRS 102 “Inventories”. The provision for foreseeable losses on the development of affordable housing previously recognised under FRSIC 17 “Development of Affordable Housing” has been reversed and the comparatives are restated accordingly.

The Group and the Company adopted MFRS 15 using the full retrospective method of adoption with the date of initial application of 1 January 2017. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group and the Company elected to apply the standard only to contracts that are not completed at the date of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Notes to the reconciliation of statement position as at 1 January 2017 and 31 December 2017 and total comprehensive income for the year ended 31 December 2017 (cont'd)

f Revaluation reserve and capital reserve

The Group and the Company have previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virture of these transitional provisions, the Group and the Company had recorded freehold estates which were revalued on an existing use basis or open market value by independent professional valuers in 1980 but had not adopted a policy of revaluation and continue to carry those freehold estates on the basis of their previous revaluation subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group and the Company have elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group and the Company elected to regard the revalued amounts of freehold estates as at 1980 as deemed cost. The revaluation surplus was transferred to retained earnings on date of transition to MFRS.

The capital reserve represents gains on sale of investments in prior years. Upon transition to MFRS, the Group has elected to transfer the capital reserve to retained earnings.

2.3 Standards issued but not yet effective

The Standards, Amendments, Annual Improvements and IC Interpretation 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, Amendments, Annual Improvements and IC Interpretation, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
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
MFRS 17 Insurance Contracts	1 January 2021
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, Amendments, Annual Improvements and IC Interpretation above would not have any material impact on the financial statements in the year of initial adoption other than the following.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective (cont'd)

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of- use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Company has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Company adopts MFRS 16 in 2019.

On the adoption of MFRS 16, the Company expects to recognise additional right-of-use assets and lease liabilities for its leases previously classified as operating leases.

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 Company controls an investee if and only if the Company 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 the asset revaluation reserve, 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 asset revaluation reserve.

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 to sell 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

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

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset 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 bases as rental income. The accounting policy for rental income is set out in Note 2.25 (i)(h).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Revenue and other income recognition (cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Revenue and other income recognition (cont'd)

(i) Revenue (cont'd)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Revenue and other income recognition (cont'd)

(i) Revenue (cont'd)

(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.

(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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.26 Taxation (cont'd)

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(d) 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 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

3.1 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:

<u>Classification between investment properties and property, plant and equipment</u>

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. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

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.

(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. Recoverable amounts of property, plant and equipment are based on management's estimates and assumptions of the fair value less cost to sell (with calculation based on comparison sales method or income method) and value in use (with calculation based on, among others, 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.

(e) Impairment of subsidiaries

The Group assesses whether there are any indicators of impairment for all non-financial assets (including investment in subsidiaries) at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

4. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)
Type of revenue				
Oil palm produce	**590,854**	831,579	**595,370**	848,478
Sale of properties	**92,217**	85,680	**92,217**	85,680
Dividend income	**11,206**	9,553	**17,039**	20,743
Management and operation of golf club	**16,945**	17,098	**-**	-
Operation of hotel and conference centre	**233,207**	222,610	**-**	-
Revenue from contracts with customers	**944,429**	1,166,520	**704,626**	954,901
Rental income	**22,848**	22,737	**4,217**	4,088
	967,277	1,189,257	**708,843**	958,989
Timing of revenue recognition				
- at a point in time	**623,927**	930,570	**621,694**	942,087
- over time	**320,502**	235,950	**82,932**	12,814
	944,429	1,166,520	**704,626**	954,901

4.1 CONTRACT BALANCES

	Group and Company	
	2018 RM'000	2017 RM'000 (Restated)
Contract assets (Note 25)	**31,762**	2,851
Contract liabilities (Note 30)	**(2,345)**	(51)
	29,417	2,800
At beginning of the year	**2,800**	4,459
Consideration paid and payable to customers	**7,296**	664
Revenue recognised during the year	**92,217**	85,681
Progress billings during the year	**(72,896)**	(88,004)
At end of the year	**29,417**	2,800

Revenue from property development activities are 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 2018 for the Group and the Company is RM57,819,000 (2017: RM 19,282,000). The remaining performance obligations are expected to be recognised as follows:

Group and Company	**31.12.2018 RM'000**	31.12.2017 RM'000 (Restated)
Within 1 year	**57,819**	17,785
Between 1 and 4 years	**-**	1,497
	57,819	19,282

In adopting MFRS 15 retrospectively, the Group and the Company have applied certain expedients including not restating contracts that have been completed at the beginning of the earliest period presented in these financial statements which is 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. COST OF SALES

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
Property development costs	**65,416**	57,112	**65,416**	57,112
Cost of inventories sold	**553,355**	792,541	**575,043**	832,363
Cost of services rendered	**145,440**	141,365	**-**	-
	764,211	991,018	**640,459**	889,475

6. OTHER INCOME

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
Gain on disposal of investment securities	**-**	5,993	**-**	2,513
Unrealised gain on foreign exchange	**20**	-	**13,422**	-
Interest income from deposits	**20,706**	18,114	**14,300**	12,825
Interest income from subsidiaries	**-**	-	**8,479**	4,847
Management fee received from subsidiaries	**-**	-	**714**	714
Fair value gain on derivatives	**-**	28,772	**-**	28,772
Gain on fair value change in biological assets	**120**	-	**-**	-
Gain on trading of palm oil	**-**	521	**-**	521
Fair value gain on financial assets at fair value through profit or loss	**-**	-	**252**	-
Miscellaneous	**7,177**	7,701	**5,844**	6,454
	28,023	61,101	**43,011**	56,646

7. PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
Employee benefits expense (Note 8)	**127,285**	123,330	**27,283**	24,929
Auditors' remuneration:				
Statutory audits				
- Current year				
- Ernst & Young	**244**	244	**117**	117
- Other auditors	**773**	1,240	**-**	-
- Underprovision in prior years				
- Ernst & Young	**108**	-	**108**	-
Other services				
- Ernst & Young	**12**	15	**12**	15
- Other auditors	**165**	613	**-**	-
Direct operating expenses arising from investment properties:				
- revenue generating properties	**6,378**	6,781	**462**	447

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. PROFIT/(LOSS) BEFORE TAX (cont'd)

The following items have been included in arriving at profit/(loss) before tax: (cont'd)

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
Depreciation of property, plant and equipment (Note 14)	**33,066**	31,551	**4,528**	4,483
Depreciation of investment properties (Note 15)	**4,092**	4,121	**309**	310
Property, plant and equipment written off	**290**	222	**282**	18
Amortisation of land use rights (Note 16)	**295**	296	**-**	-
Depreciation of bearer plants (Note 17)	**471**	492	**21**	20
Bearer plants written off	**-**	563	**-**	558
Inventories written off	**-**	39	**-**	-
Bad debts (recovered)/written off	**(58)**	141	**-**	-
Interest expenses on notes payable and bank overdraft	**8,488**	7,274	**1,026**	874
Impairment loss on trade receivables (Note 24)	**124**	89	**-**	-
Inventories written-back	**(278)**	(207)	**(277)**	(167)
Realised loss on foreign exchange	**5,338**	21,138	**5,458**	24,580
Unrealised loss on foreign exchange	**-**	51,613	**-**	63,976
(Gain)/loss on fair value change in biological assets (Note 23)	**(120)**	696	**162**	141
Fair value loss on financial assets at fair value through profit or loss	**4,012**	-	**-**	-
Loss on redemption of short term funds	**64**	-	**64**	-
Impairment loss on land held for development (Note 21 (a))	**63**	-	**63**	-
Fair value loss on derivatives	**160**	3,872	**160**	-
Commission paid to a company in which certain directors have an interest (Note 37)	**5,501**	8,029	**5,501**	8,029
Rental expenses on land	**727**	833	**-**	-
Amortisation of intangible assets (Note 20)	**129**	129	**105**	105
Impairment loss on investment in subsidiaries	**-**	-	**-**	45,091
Gross dividends from quoted investments :				
- Malaysian corporations	**(2,114)**	(1,678)	**(1,949)**	(1,581)
- Foreign corporations	**(8,586)**	(7,658)	**(3,731)**	(3,089)
Gross dividends from unquoted investments :				
- Malaysian corporations	**(506)**	(217)	**(506)**	(217)
- Subsidiaries	**-**	-	**(10,853)**	(15,856)
Loss on disposal of investment properties	**3**	-	**-**	-
Gain on disposal of property, plant and equipment	**(125)**	(38)	**(126)**	(6)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. EMPLOYEE BENEFITS EXPENSE (excluding key management personnel)

	Group		Company	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Wages and salaries	**98,750**	95,150	**24,658**	22,410
Social security and employee insurance contributions	**367**	329	**225**	196
Contributions to defined contribution plan	**3,602**	3,571	**2,400**	2,323
Other benefits	**24,566**	24,280	**-**	-
	127,285	123,330	**27,283**	24,929

9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Group		Company	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Directors' remuneration:				
Fees	**935**	988	**835**	835
Other emoluments	**9,475**	7,607	**7,616**	6,062
Benefits-in-kind	**31**	31	**28**	28
	10,441	**8,626**	**8,479**	**6,925**

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.

11. INCOME TAX EXPENSE

Components of income tax expense

The components of income tax expense for the years ended 31 December 2018 and 2017 are:

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
Statement of comprehensive income:				
Current income tax :				
- Malaysian income tax	**17,842**	10,675	**12,835**	4,564
- Foreign tax	**2,417**	6,494	**263**	216
	20,259	17,169	**13,098**	4,780
(Over)/Underprovision in prior years :				
- Malaysian income tax	**(837)**	(399)	**137**	29
- Foreign tax	**(860)**	-	**2**	-
	(1,697)	(399)	**139**	29
Deferred income tax (Note 35) :				
- Origination and reversal of temporary differences	**11,577**	(8,613)	**8,715**	(1,381)
- Under/(Over)provision in prior years	**213**	(191)	**223**	(97)
	11,790	(8,804)	**8,938**	(1,478)
Income tax expense recognised in statements of comprehensive income	**30,352**	7,966	**22,175**	3,331

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 2018 and 2017 are as follows:

	2018	2017
	RM'000	RM'000
Group		(Restated)
Profit before tax	**69,521**	31,008
Taxation at Malaysian statutory tax rate of 24% (2017 : 24%)	**16,685**	7,442
Different tax rates in other countries	**787**	(5,143)
Income not subject to tax	**(8,296)**	(9,653)
Expenses not deductible for tax purposes	**4,912**	9,385
Tax on transfer of land held for development to investment properties	**17,122**	-
Effect of reduction of tax rate based on the incremental in chargeable income	**(1,735)**	(99)
Deferred tax not recognised on unabsorbed capital allowances and unutilised business losses	**2,361**	6,624
Overprovision of income tax in prior years	**(1,697)**	(399)
Under/(Over)provision of deferred tax in prior years	**213**	(191)
Income tax expense recognised in profit or loss	**30,352**	7,966

11. INCOME TAX EXPENSE (cont'd)

Reconciliation between tax expense and accounting profit (cont'd)

Company	2018 RM'000	2017 RM'000 (Restated)
Profit/(Loss) before tax	**64,806**	(47,298)
Taxation at Malaysian statutory tax rate of 24% (2017 : 24%)	**15,553**	(11,352)
Income not subject to tax	**(9,852)**	(9,054)
Expenses not deductible for tax purposes	**802**	24,016
Tax on transfer of land held for development to investment properties	**17,122**	-
Effect of reduction of tax rate based on the incremental in chargeable income	**(1,627)**	-
Different tax rates in other countries	**(185)**	(211)
Underprovision of income tax in prior years	**139**	29
Under/(Over)provision of deferred tax in prior years	**223**	(97)
Income tax expense recognised in profit or loss	**22,175**	3,331

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 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 (2017 : RM3,699,000).

(ii) Tax exempt account arising out of tax exempt dividends received of approximately RM6,079,000 (2017 : 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 (2017 : 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 (2017 : RM20,163,000).

(v) Tax exempt account under Section 8 of the Income Tax (Amendment) Act, 1999 of approximately RM2,125,000 (2017 : RM2,125,000).

(vi) Tax exempt account under Income Tax (Exemption)(No. 48) Order 1997 of approximately RM26,000 (2017 : RM26,000).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
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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	
	2018	2017 (Restated)
Profit net of tax attributable to owners of the parent (RM'000)	**36,472**	22,876
Weighted average number of ordinary shares in issue ('000)	**359,318**	359,356
Basic earnings per share (sen)	**10.15**	6.37

No diluted earnings per share have been presented as there were no dilutive potential ordinary shares outstanding as at 31 December 2018 and 31 December 2017.

13. DIVIDENDS

	Group and Company	
	2018	2017
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single tier dividend for 2017: 6 sen (2016: 6 sen) per share	**21,558**	21,561
- Interim single tier dividend for 2018: 4 sen (2017: 4 sen) per share	**14,372**	14,374
	35,930	35,935
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 2018: 6 sen (2017 : 6 sen) per share	**21,558**	21,559

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 December 2018, of 6 sen per share on 359,303,000 ordinary shares, amounting to a total dividend payable of RM21,558,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 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 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	2,055	8,623	7,885	28,833
Transfers	6,777	1,004	729	(8,510)	-
Write offs	-	(858)	(1,405)	-	(2,263)
Disposals	-	(23)	(1,263)	-	(1,286)
Exchange differences	3,171	-	(1,341)	(265)	1,565
At 31 December 2018	789,115	128,469	118,268	10,168	1,046,020
Representing:					
At cost	765,694	135,883	118,268	10,168	1,030,013
At deemed cost	23,421	-	-	-	23,421
Government grant	-	(7,414)	-	-	(7,414)
	789,115	128,469	118,268	10,168	1,046,020

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					
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	3,616	10,661	-	33,066
Charge for the year	18,789	3,712	10,661	-	33,162
Government grant	-	(96)	-	-	(96)
Write offs	-	(582)	(1,391)	-	(1,973)
Disposals	-	(23)	(1,245)	-	(1,268)
Exchange differences	(2,836)	-	(532)	-	(3,368)
At 31 December 2018	207,805	109,949	83,069	-	400,823
Representing:					
At cost	207,805	117,339	83,069	-	408,213
Government grant	-	(7,390)	-	-	(7,390)
	207,805	109,949	83,069	-	400,823
Net carrying amount					
At 31 December 2018					
At cost	557,889	18,544	35,199	10,168	621,800
At deemed cost	23,421	-	-	-	23,421
Government grant	-	(24)	-	-	(24)
	581,310	18,520	35,199	10,168	645,197

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 2017:					
At cost	770,624	132,631	97,012	13,922	1,014,189
At deemed cost	23,421	-	-	-	23,421
Government grant	-	(7,414)	-	-	(7,414)
	794,045	125,217	97,012	13,922	1,030,196
Additions	27,905	1,093	13,305	7,786	50,089
Transfers	1,011	-	9,077	(10,088)	-
Write offs	(238)	(19)	(308)	-	(565)
Disposals	-	-	(317)	-	(317)
Exchange differences	(53,826)	-	(5,844)	(562)	(60,232)
At 31 December 2017	768,897	126,291	112,925	11,058	1,019,171
Representing:					
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
Accumulated depreciation					
At 1 January 2017 :					
At cost	181,990	109,681	71,174	-	362,845
Government grant	-	(6,800)	-	-	(6,800)
	181,990	102,881	71,174	-	356,045
Recognised in statements of comprehensive income (Note 7)	18,613	4,074	8,864	-	31,551
Charge for the year	18,613	4,568	8,864	-	32,045
Government grant	-	(494)	-	-	(494)
Write offs	(34)	(17)	(292)	-	(343)
Disposals	-	-	(275)	-	(275)
Exchange differences	(8,717)	-	(3,895)	-	(12,612)
At 31 December 2017	191,852	106,938	75,576	-	374,366
Representing:					
At cost	191,852	114,232	75,576	-	381,660
Government grant	-	(7,294)	-	-	(7,294)
	191,852	106,938	75,576	-	374,366
Net carrying amount					
At 31 December 2017					
At cost	553,624	19,473	37,349	11,058	621,504
At deemed cost	23,421	-	-	-	23,421
Government grant	-	(120)	-	-	(120)
	577,045	19,353	37,349	11,058	644,805

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 2018

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 2017	28,553	108,097	13,917	-	150,567
Additions	351	846	518	260	1,975
Write offs	(39)	(7)	(89)	-	(135)
Disposals	-	-	(167)	-	(167)
At 31 December 2017	28,865	108,936	14,179	260	152,240
Representing:					
At cost	19,851	108,936	14,179	260	143,226
At deemed cost	9,014	-	-	-	9,014
	28,865	108,936	14,179	260	152,240
Accumulated depreciation					
At 1 January 2017	8,085	90,116	11,359	-	109,560
Charge for the year (Note 7)	626	3,199	658	-	4,483
Write offs	(30)	(6)	(81)	-	(117)
Disposals	-	-	(132)	-	(132)
At 31 December 2017	8,681	93,309	11,804	-	113,794
Net carrying amount					
At 31 December 2017					
At cost	11,170	15,627	2,375	260	29,432
At deemed cost	9,014	-	-	-	9,014
	20,184	15,627	2,375	260	38,446

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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
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**
2017				
At deemed cost -				
Freehold estates	23,421	-	23,421	-
At cost -				
Freehold estates	3,816	-	3,816	-
Golf course	77,827	19,654	58,173	889
Freehold land and buildings	663,833	172,198	491,635	17,724
	745,476	191,852	553,624	18,613
Total	768,897	191,852	577,045	18,613

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
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**
2017				
At deemed cost -				
Freehold estates	9,014	-	9,014	-
At cost -				
Freehold estates	3,601	-	3,601	-
Freehold land and buildings	16,250	8,681	7,569	626
	19,851	8,681	11,170	626
Total	28,865	8,681	20,184	626

(i) At the date of transition to MFRS, the Group and the Company elected to regard the revalued amounts of freehold estates as deemed cost. The revaluation surplus was transferred to retained earnings on date of transition to MFRS. The freehold estates were previously revalued on an existing use basis or open market value by independent professional valuers in 1980.

(ii) Property, plant and equipment of certain subsidiaries of RM435,418,000 (2017: RM435,069,000) are pledged for bank facilities purposes as disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. INVESTMENT PROPERTIES

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 21(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

NOTES TO THE FINANCIAL STATEMENTS [Cont'd]
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 2017	203,508	11,609	215,117
Additions	1,440	-	1,440
Transfer from land held for property development (Note 21(a))	1,099	-	1,099
Write offs	(47)	-	(47)
Disposals	(10)	-	(10)
Exchange differences	-	(245)	(245)
At 31 December 2017	205,990	11,364	217,354
Accumulated depreciation			
At 1 January 2017	82,682	6,486	89,168
Charge for the year (Note 7)	4,121	-	4,121
Write offs	(47)	-	(47)
Disposals	(10)	-	(10)
Exchange differences	-	(137)	(137)
At 31 December 2017	86,746	6,349	93,095
Net carrying amount			
At 31 December 2017	119,244	5,015	124,259

15. INVESTMENT PROPERTIES (cont'd)

	Company	
	2018	2017
	RM'000	RM'000
Freehold land and buildings		
Cost		
At 1 January	**28,184**	27,085
Additions	**16,929**	-
Transfer from land held for property development (Note 21(a))	**4,761**	1,099
At 31 December	**49,874**	28,184
Accumulated depreciation		
At 1 January	**8,201**	7,891
Charge for the year (Note 7)	**309**	310
At 31 December	**8,510**	8,201
Net carrying amount		
At 31 December	**41,364**	19,983

The fair value of investment properties as at 31 December 2018 for the Group and Company is approximately RM430,831,000 (2017 : RM429,078,000) and RM142,580,000 (2017 : RM141,438,000) 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	
	2018	2017
	RM'000	RM'000
Cost		
At 1 January / 31 December	**25,724**	25,724
Accumulated amortisation		
At 1 January	**8,064**	7,768
Amortisation for the year (Note 7)	**295**	296
At 31 December	**8,359**	8,064
Net carrying amount		
At 31 December	**17,365**	17,660
Amount to be amortised:		
- Not later than one year	**295**	295
- Later than one year but not later than five years	**1,182**	1,182
- Later than five years	**15,888**	16,183
	17,365	17,660

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 97 years (2017 : 98 years) expiring in 2115.

17. BEARER PLANTS

	Group		Company	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
Cost/Deemed cost				
At 1 January	**14,566**	15,729	**2,777**	4,139
Additions	**2,582**	1,276	**1,961**	536
Write offs	**-**	(2,439)	**-**	(1,898)
At 31 December	**17,148**	14,566	**4,738**	2,777
Accumulated depreciation				
At 1 January	**6,375**	7,759	**2,304**	3,624
Charge for the year (Note 7)	**471**	492	**21**	20
Write offs	-	(1,876)	**-**	(1,340)
At 31 December	**6,846**	6,375	**2,325**	2,304
Net carrying amount				
At 1 January	**8,191**	7,970	**473**	515
At 31 December	**10,302**	8,191	**2,413**	473

Analysis of bearer plants:

	Group		Company	
	2018	2017	**2018**	2017
At 1 January				
Matured	**1,436**	1,862	**239**	261
Immature	**6,755**	6,108	**234**	254
	8,191	7,970	**473**	515
At 31 December				
Matured	**3,048**	1,436	**1,851**	239
Immature	**7,254**	6,755	**562**	234
	10,302	8,191	**2,413**	473

18. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2018	31.12.2017
	RM'000	RM'000
Unquoted shares, at cost		
In Malaysia	**224,201**	214,001
Outside Malaysia	**4**	4
	224,205	214,005
Impairment losses	**(49,191)**	(49,191)
	175,014	164,814

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2018 %	2017 %
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**	99.7
Supervitamins Sdn. Bhd.	Malaysia	Manufacturing and trading of nutraceutical and health-care materials	**60**	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

18. 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 2018 %	2017 %
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
** The equity interests of the Company is 50% plus one share.

(a) Allotment of shares

During the financial year, the Company was allotted with 9,697,500 ordinary shares by a subsidiary, K.S.F. Enterprises Sdn. Bhd. The consideration of the shares allotted amounting to RM9,697,500 was satisfied by converting an existing debt of RM9,697,500 due from the subsidiary.

(b) Acquisition of non-controlling interests

During the financial year, the Company acquired an additional 0.1% equity interest in Lim & Lim Plantations Berhad from its non-controlling interests for a cash consideration of RM503,000. On the date of acquisition, the carrying value of the additional interest acquired was RM380,000. The difference between the consideration and the book value of the interest acquried of RM123,000 is reflected in equity as premium paid on acquisition of non-controlling interests.

18. 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	
	31.12.2018	31.12.2017	**31.12.2018**	31.12.2017	**31.12.2018**	31.12.2017	**31.12.2018**	31.12.2017	**31.12.2018**	31.12.2017
	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**	4,963	**54,014**	56,085	**66,255**	70,919	**83,609**	79,183	**208,443**	211,150
Current assets	**17,292**	19,636	**50,337**	44,586	**11,637**	9,710	**5,309**	5,153	**84,575**	79,085
Total assets	**21,857**	24,599	**104,351**	100,671	**77,892**	80,629	**88,918**	84,336	**293,018**	290,235
Current liabilities	**2,080**	2,002	**3,268**	3,160	**10,424**	29,085	**25,442**	13,214	**41,214**	47,461
Non-current liabilities	**12,104**	18,012	**2,246**	2,571	**-**	-	**-**	-	**14,350**	20,583
Total liabilities	**14,184**	20,014	**5,514**	5,731	**10,424**	29,085	**25,442**	13,214	**55,564**	68,044
Net assets	**7,673**	4,585	**98,837**	94,940	**67,468**	51,544	**63,476**	71,122	**237,454**	222,191
Equity attributable to:										
- owners of the Company	**74**	(1,779)	**87,186**	84,458	**33,739**	25,776	**(34,721)**	(27,075)	**86,278**	81,380
- non-controlling interests	**7,599**	6,364	**11,651**	10,482	**33,729**	25,768	**98,197**	98,197	**151,176**	140,811
	7,673	4,585	**98,837**	94,940	**67,468**	51,544	**63,476**	71,122	**237,454**	222,191

refers to K.S.F. Enterprises Sdn. Bhd. and its subsidiary, i.e. KSD Enterprises Ltd.

18. 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	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000	**2018 RM'000**	2017 RM'000	**2018 RM'000**	2017 RM'000	**2018 RM'000**	2017 RM'000
Revenue	**45,009**	43,920	**14,131**	14,601	**82,382**	69,179	**16,945**	17,099	**158,467**	144,799
Profit/(Loss) for the year attributable to :										
- owners of the Company	**1,853**	1,580	**4,527**	4,557	**318**	(2,083)	**(7,642)**	(6,251)	**(944)**	(2,197)
- non-controlling interests	**1,235**	1,053	**1,169**	1,182	**318**	(2,082)	**-**	-	**2,722**	153
	3,088	2,633	**5,696**	5,739	**636**	(4,165)	**(7,642)**	(6,251)	**1,778**	(2,044)
Other comprehensive loss attributable to :										
- owners of the Company	**-**	-	**-**	-	**(2,055)**	(2,545)	**-**	-	**(2,055)**	(2,545)
- non-controlling interests	**-**	-	**-**	-	**(2,054)**	(2,544)	**-**	-	**(2,054)**	(2,544)
Other comprehensive loss for the year	**-**	-	**-**	-	**(4,109)**	(5,089)	**-**	-	**(4,109)**	(5,089)
Total comprehensive income/(loss) attributable to :										
- owners of the Company	**1,853**	1,580	**4,527**	4,557	**(1,737)**	(4,628)	**(7,642)**	(6,251)	**(2,999)**	(4,742)
- non-controlling interests	**1,235**	1,053	**1,169**	1,182	**(1,736)**	(4,626)	**-**	-	**668**	(2,391)
Total comprehensive income/(loss) for the year	**3,088**	2,633	**5,696**	5,739	**(3,473)**	(9,254)	**(7,642)**	(6,251)	**(2,331)**	(7,133)

refers to K.S.F. Enterprises Sdn. Bhd. and its subsidiary, i.e. KSD Enterprises Ltd.

18. 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	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000	**2018 RM'000**	2017 RM'000	**2018 RM'000**	2017 RM'000	**2018 RM'000**	2017 RM'000
Net cash generated from operating activities	**793**	1,343	**5,953**	5,337	**13,656**	20,497	**6,970**	2,946	**27,372**	30,123
Net cash used in investing activities	**(295)**	(771)	**(3,651)**	(4,629)	**(10,813)**	(31,115)	**(6,805)**	(2,904)	**(21,564)**	(39,419)
Net cash used in financing activities	**(490)**	(613)	**(1,800)**	(1,800)	**-**	-	**-**	-	**(2,290)**	(2,413)
Net increase/(decrease) in cash and cash equivalents	**8**	(41)	**502**	(1,092)	**2,843**	(10,618)	**165**	42	**3,518**	(11,709)
Effects of exchange rate changes on cash and cash equivalents	**-**	-	**-**	-	**(349)**	(186)	**-**	-	**(349)**	(186)
Cash and cash equivalents at beginning of the year	**16**	57	**248**	1,340	**4,879**	15,683	**1,076**	1,034	**6,219**	18,114
Cash and cash equivalents at end of the year	**24**	16	**750**	248	**7,373**	4,879	**1,241**	1,076	**9,388**	6,219

refers to K.S.F. Enterprises Sdn. Bhd. and its subsidiary, i.e. KSD Enterprises Ltd.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. INVESTMENT SECURITIES

	31.12.2018		31.12.2017	
Group	**Carrying amount RM'000**	**Market value of investments RM'000**	Carrying amount RM'000	Market value of investments RM'000
Financial assets at fair value through other comprehensive income/ Available-for-sale financial assets				
Equity instruments				
Quoted in Malaysia	**63,946**	**63,946**	75,491	75,491
Quoted outside Malaysia	**374,802**	**374,802**	517,615	517,615
Unquoted in Malaysia	**141**	**141**	141	-
	438,889	**438,889**	593,247	593,106
Financial assets at fair value through profit or loss				
Debt instrument				
Unquoted outside Malaysia	**90,688***	**90,688**	-	-
Equity instrument				
Unquoted outside Malaysia	**16,004***	**16,004**	-	-
	106,692	**106,692**	-	-
	545,581	**545,581**	593,247	593,106
Company				
Financial assets at fair value through other comprehensive income/ Available-for-sale financial assets				
Quoted in Malaysia	**60,753**	**60,753**	71,958	71,958
Quoted outside Malaysia	**101,846**	**101,846**	118,578	118,578
Unquoted in Malaysia	**138**	**138**	138	-
	162,737	**162,737**	190,674	190,536

* The unquoted instruments are related to investment in A2I Holdings S.A R.L, 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 38 (a).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. INTANGIBLE ASSETS

	Group		Company	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Cost				
At 1 January	**1,893**	1,888	**1,495**	1,490
Addition	**7**	5	**-**	5
At 31 December	**1,900**	1,893	**1,495**	1,495
Accumulated amortisation				
At 1 January	**1,653**	1,524	**1,376**	1,271
Amortisation for the year (Note 7)	**129**	129	**105**	105
At 31 December	**1,782**	1,653	**1,481**	1,376
Net carrying amount				
At 31 December	**118**	240	**14**	119

21. INVENTORIES

(a) Land held for property development

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
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 21(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**
2017 (Restated)				
At cost :				
At 1 January 2017	61,727	60,392	117,226	239,345
Additions	355	-	13,291	13,646
Transfer to property development cost (Note 21(b))	(102)	(3,125)	(6,259)	(9,486)
Transfer to investment properties (Note 15)	(252)	-	(847)	(1,099)
At 31 December 2017	61,728	57,267	123,411	242,406

21. 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
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 21(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**
2017 (Restated)				
At cost :				
At 1 January 2017	52,088	60,392	117,226	229,706
Additions	355	-	13,291	13,646
Transfer to property development cost (Note 21(b))	(102)	(3,125)	(6,259)	(9,486)
Transfer to investment properties (Note 15)	(252)	-	(847)	(1,099)
At 31 December 2017	52,089	57,267	123,411	232,767

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. INVENTORIES (cont'd)

(b) Property development costs

	Group and Company	
	2018	2017
	RM'000	RM'000
		(Restated
At cost :		
At 1 January :		
Freehold land	**100**	514
Leasehold land	**2,730**	-
Development costs	**11,834**	30,486
	14,664	31,000
Cost incurred during the year :		
Development costs	**64,821**	11,721
Reversal of completed projects		
Freehold land	**-**	(179)
Development costs	**-**	(10,870)
	-	(11,049)
Cost recognised in profit or loss :		
At 1 January	**-**	(11,049)
Recognised during the year	**(49,621)**	(13,194)
Reversal of completed projects	**-**	11,049
At 31 December	**(49,621)**	(13,194)
Transfer :		
From land held for property development (Note 21(a))	**10,885**	9,486
To inventory	**-**	(13,300)
	10,885	(3,814)
Property development costs at 1 January	**14,664**	19,951
Property development costs at 31 December	**40,749**	14,664

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. INVENTORIES - OTHERS

		Group	
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
		(Restated)	(Restated)
At cost :			
Refined oil products	**43,302**	55,028	83,623
Crude palm oil, crude palm kernel oil and palm kernel	**14,865**	21,487	28,627
Spare parts and chemicals	**6,352**	5,908	5,518
Completed properties	**23,280**	29,911	53,468
Food, beverage and utensils	**1,715**	1,557	1,346
	89,514	113,891	172,582
At net realisable value :			
Refined oil products	**472**	14,045	10,462
Completed properties	**3,061**	3,312	3,454
	3,533	17,357	13,916
	93,047	131,248	186,498

		Company	
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
		(Restated)	(Restated)
At cost :			
Refined oil products	**34,558**	44,158	71,563
Crude palm oil, crude palm kernel oil and palm kernel	**14,597**	21,325	28,356
Spare parts and chemicals	**4,449**	4,116	3,678
Completed properties	**23,280**	29,911	53,468
	76,884	99,510	157,065
At net realisable value :			
Refined oil products	**269**	13,552	10,103
Completed properties	**3,061**	3,312	3,454
	3,330	16,864	13,557
	80,214	116,374	170,622

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. BIOLOGICAL ASSETS

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	**2018 RM'000**	2017 RM'000 (Restated)
At fair value				
At 1 January	**544**	1,240	**177**	318
Changes in fair value (Note 7)	**120**	(696)	**(162)**	(141)
At 31 December	**664**	544	**15**	177

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.

24. TRADE AND OTHER RECEIVABLES

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
Current			
Trade receivables			
Third parties	**52,087**	71,711	80,896
Less: Allowance for impairment	**(2,648)**	(2,703)	(2,701)
	49,439	69,008	78,195
Other receivables			
Refundable deposits	**2,526**	1,995	1,940
Sundry receivables	**10,938**	15,664	18,102
	13,464	17,659	20,042
Total trade and other receivables	**62,903**	86,667	98,237
Add: Cash and bank balances (Note 27)	**714,173**	843,853	871,610
Total financial assets at amortised cost	**777,076**	930,520	969,847

24. TRADE AND OTHER RECEIVABLES (cont'd)

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
Current			
Trade receivables			
Third parties	**38,479**	59,695	69,178
Less: Allowance for impairment	**(2,573)**	(2,573)	(2,573)
	35,906	57,122	66,605
Other receivables			
Due from subsidiaries	**175,853**	264,514	227,711
Refundable deposits	**1,227**	700	682
Sundry receivables	**7,734**	10,893	13,870
	184,814	276,107	242,263
	220,720	333,229	308,868
Non-current			
Other receivables			
Due from subsidiaries	**310,281**	179,590	190,714
Total trade and other receivables	**531,001**	512,819	499,582
Add: Cash and bank balances (Note 27)	**430,085**	510,800	558,816
Total financial assets at amortised cost	**961,086**	1,023,619	1,058,398

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 30 days (31.12.2017 : 14 to 30 days; 1.1.2017 : 14 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

24. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables is as follows:

		Group	
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Neither past due nor impaired	**40,870**	60,892	71,997
1 to 30 days past due not impaired	**6,282**	5,348	3,498
31 to 60 days past due not impaired	**1,247**	2,555	2,109
61 to 90 days past due not impaired	**468**	123	193
91 to 120 days past due not impaired	**572**	64	241
More than 120 days past due not impaired	**-**	26	157
	8,569	8,116	6,198
Impaired	**2,648**	2,703	2,701
	52,087	71,711	80,896

		Company	
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Neither past due nor impaired	**33,756**	54,233	65,755
1 to 30 days past due not impaired	**1,166**	1,642	385
31 to 60 days past due not impaired	**245**	1,238	91
61 to 90 days past due not impaired	**333**	-	-
91 to 120 days past due not impaired	**406**	9	219
More than 120 days past due not impaired	**-**	-	155
	2,150	2,889	850
Impaired	**2,573**	2,573	2,573
	38,479	59,695	69,178

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. More than 78% (31.12.2017: 85%; 1.1.2017: 89%) of the Group's and 88% (31.12.2017: 91%; 1.1.2017: 95%) of the Company's trade receivables were subsequently received after the financial year.

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

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM8,569,000 (31.12.2017 : RM8,116,000; 1.1.2017 : RM6,198,000) and RM2,150,000 (31.12.2017 : RM2,889,000; 1.1.2017 : RM850,000) respectively that are past due at the reporting date but not impaired.

24. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

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		
	31.12.2018	31.12.2017	1.1.2017
Group	**RM'000**	RM'000	RM'000
Trade receivables - nominal amounts	**2,648**	2,712	2,701
Less: Allowance for impairment	**(2,648)**	(2,703)	(2,701)
	-	9	-
Company			
Trade receivables - nominal amounts	**2,573**	2,573	2,573
Less: Allowance for impairment	**(2,573)**	(2,573)	(2,573)
	-	-	-

Movement in allowance accounts:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
At 1 January	**2,703**	2,701	**2,573**	2,573
Charge for the year (Note 7)	**124**	89	**-**	-
Written off	**(179)**	(87)	**-**	-
At 31 December	**2,648**	2,703	**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.

(b) Amounts due from subsidiaries

Current

Amounts due from subsidiaries are unsecured and repayable upon demand. Included in the amounts are RM175,815,000 (31.12.2017 : RM254,532,000; 1.1.2017 : RM226,973,000) 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 3.15% to 6.06% per annum (31.12.2017 and 1.1.2017 : 2.95% to 6.06% per annum) and are not expected to be repaid within the next twelve months.

25. OTHER CURRENT ASSETS

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
Prepayments	**7,187**	4,242	3,571
Deposits paid	**2,461**	2,200	2,300
Accrued billings in respect of property development costs	**28,243**	2,664	4,539
Consideration paid to customers	**3,519**	187	-
Contract assets (Note 4.1)	**31,762**	2,851	4,539
	41,410	9,293	10,410

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
Prepayments	**4,414**	1,544	658
Deposits paid	**2,461**	2,200	2,300
Accrued billings in respect of property development costs	**28,243**	2,664	4,539
Consideration paid to customers	**3,519**	187	-
Contract assets (Note 4.1)	**31,762**	2,851	4,539
	38,637	6,595	7,497

Consideration paid 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.

26. SHORT TERM FUNDS

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	**31.12.2018 RM'000**	31.12.2017 RM'000
Money market funds, at fair value through profit or loss	**222,213**	191,085	**76,378**	51,280

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 3.36% per annum (2017 : 4.03% per annum) and 3.17% per annum (2017 : 4.33% 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 (2017 : 1 to 31 days) and 1 day (2017 : 1 day) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. CASH AND BANK BALANCES

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	**31.12.2018 RM'000**	31.12.2017 RM'000
Cash at banks and on hand	**130,035**	113,608	**50,578**	34,618
Deposits with:				
Licensed banks	**307,614**	434,879	**145,880**	213,299
Foreign financial institutions	**276,524**	295,366	**233,627**	262,883
Cash and bank balances (Note 24)	**714,173**	843,853	**430,085**	510,800

Included in cash and bank balances of the Group and of the Company is an amount of RM40,671,000 (2017 : RM25,698,000) 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 2018 for the Group and the Company were 1.97% per annum (2017 : 1.77% per annum) and 2.19% per annum (2017 : 1.86% 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	
	31.12.2018 RM'000	31.12.2017 RM'000	**31.12.2018 RM'000**	31.12.2017 RM'000
Cash and bank balances	**714,173**	843,853	**430,085**	510,800
Less :				
Bank overdrafts (Note 28)	**(7,043)**	(19,309)	**(7,043)**	(19,309)
Deposits with licensed banks with maturity more than three months	**(141,588)**	(303,457)	**(136,267)**	(298,225)
Cash and cash equivalents	**565,542**	521,087	**286,775**	193,266

28. LOANS AND BORROWINGS

		Group		Company	
	Maturity	**31.12.2018 RM'000**	31.12.2017 RM'000	**31.12.2018 RM'000**	31.12.2017 RM'000
Current					
Unsecured:					
Bank overdrafts (Note 27)	On demand	**7,043**	19,309	**7,043**	19,309
Secured:					
Notes payable	2019	**12,277**	12,020	**-**	-
		19,320	31,329	**7,043**	19,309
Non-Current					
Secured:					
Notes payable	2020	**212,770**	219,663	**-**	-
Total loans and borrowings (Note 29)		**232,090**	250,992	**7,043**	19,309

28. LOANS AND BORROWINGS (cont'd)

The remaining maturities of the loans and borrowings as at 31 December 2018 and 2017 are as follows:-

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	**31.12.2018 RM'000**	31.12.2017 RM'000
On demand or within 1 year	**19,320**	31,329	**7,043**	19,309
More than 1 year and less than 5 years	**212,770**	219,663	**-**	-
	232,090	250,992	**7,043**	19,309

Bank overdrafts
Bank overdrafts were denominated in RM and bore interest at BLR + 0.75% (2017 : BLR + 0.75%) per annum.

Notes payable
The notes payable of certain subsidiary companies bear interest ranging from LIBOR + 1.03% - 1.05% (2017 : 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 RM435,418,000 (2017 : RM435,069,000) as disclosed in Note 14.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	**31.12.2018 RM'000**	31.12.2017 RM'000
Current				
Trade payables				
Third parties	**62,530**	59,257	**58,172**	55,069
Due to a subsidiary	**-**	-	**62,719**	60,792
	62,530	59,257	**120,891**	115,861
Other payables				
Accruals	**25,471**	28,710	**8,096**	12,067
Sundry payables	**18,336**	25,871	**9,343**	9,100
Refundable deposits	**4,679**	4,465	**136**	95
Due to a subsidiary	**-**	-	**1**	-
	48,486	59,046	**17,576**	21,262
Total : Current	**111,016**	118,303	**138,467**	137,123
Non-current				
Trade payables				
Retention sum	**3,630**	3,660	**3,630**	3,661
Other payables				
Refundable deposits	**3,110**	3,697	**1,226**	1,487
Total : Non-current	**6,740**	7,357	**4,856**	5,148
Total trade and other payables	**117,756**	125,660	**143,323**	142,271
Add: Loans and borrowings (Note 28)	**232,090**	250,992	**7,043**	19,309
Total financial liabilities carried at amortised cost	**349,846**	376,652	**150,366**	161,580

29. TRADE AND OTHER PAYABLES (cont'd)

(a) Trade payables
Trade payables are non-interest bearing and are normally settled on 30 to 45 days (2017 : 30 to 45 days) terms.

(b) Other payables
Other payables are non-interest bearing and are normally settled on 30 to 60 days (2017 : 30 to 60 days) terms.

(c) Amounts due to subsidiaries
These amounts are unsecured, non-interest bearing and repayable on demand.

30. OTHER CURRENT LIABILITIES

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	**31.12.2018 RM'000**	31.12.2017 RM'000
Contract liabilities (Note 4.1)				
- Progress billings in respect of property development cost	**2,345**	51	**2,345**	51
Deposits received from tenants	**924**	318	**724**	225
	3,269	369	**3,069**	276

31. DERIVATIVES

	<------31.12.2018------>		<------31.12.2017------>	
	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**	2,850	205
Group				
Non-hedging derivatives: Current				
Forward currency contracts	**1,000**	**45**	2,850	205

The Group uses forward currency contracts, currency options and cross currency swap contract 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 and currency options are used to reduce the level of foreign currency risk for the Group's and the Company's sales denominated in USD for which firm commitments existed at the reporting date, extending to January 2019 (2017 : April 2018).

32. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2018	2017	**2018**	2017
	'000	'000	**RM'000**	RM'000
Issued and fully paid :				
At 1 January	**361,477**	361,477	**372,005**	361,477
Transition to no-par value regime on 31 January 2017 under the Companies Act 2016	**-**	-	**-**	10,528
At 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.

The Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, amounts standing to the credit of the share premium account of RM10,528,000 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

33. 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 (2017: available-for-sale) 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 2018, 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.

33. OTHER RESERVES (cont'd)

Non-distributable reserves (cont'd)

(d) Treasury shares (cont'd)

The Company repurchased 10,000 (2017 : 50,000) of its issued ordinary shares from the open market at an average price of RM4.17 (2017 : RM4.71) per share including transaction costs during the year. The total consideration paid for the repurchase including transaction cost was RM41,736 (2017 : RM235,406). The repurchase transactions were financed by internally generated funds. Of the total 361,477,000 (2017 : 361,477,000) issued and fully paid ordinary shares, 2,174,000 (2017 : 2,164,000) are held as treasury shares by the Company. The number of outstanding ordinary shares after set-off is 359,303,000 (2017 : 359,313,000) ordinary shares.

Distributable reserves

(e) Capital reserve

This amount represents gains on sale of investments transferred from retained earnings.

34. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2018 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. DEFERRED TAXATION

Deferred income tax as at 31 December relates to the following:

Group	As at 1 January 2017 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000 (Restated)	Exchange differences RM'000 (Restated)	As at 31 December 2017 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000	Exchange differences RM'000	As at 31 December 2018 RM'000
Deferred tax liabilities:							
Property, plant and equipment and investment properties	27,599	(6,302)	(1,754)	19,543	412	334	20,289
Bearer plants	1,913	53	-	1,966	507	-	2,473
Biological assets	298	(167)	-	131	29	-	160
Land use rights	2,227	(43)	-	2,184	(43)	-	2,141
Inventories - land held for property development	1,362	(30)	-	1,332	(44)	-	1,288
Receivables	4,135	(4,035)	(92)	8	4,101	53	4,162
Derivatives	1	49	-	50	(39)	-	11
Others	44	-	-	44	285	-	329
	37,579	(10,475)	(1,846)	25,258	5,208	387	30,853
Deferred tax assets:							
Receivables	-	(5,921)	-	(5,921)	5,917	-	(4)
Unutilised tax losses, investment tax, allowances and capital allowances	(763)	(135)	-	(898)	(310)	-	(1,208)
Provisions	(3,996)	636	32	(3,328)	761	(8)	(2,575)
Inventories - others	(1,688)	49	-	(1,639)	245	-	(1,394)
Derivatives	(6,856)	6,856	-	-	-	-	-
Other payables	(686)	186	50	(450)	(31)	(8)	(489)
	(13,989)	1,671	82	(12,236)	6,582	(16)	(5,670)
	23,590	(8,804)	(1,764)	13,022	11,790	371	25,183

Group	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
Presented after appropriate offsetting as follows :			
Deferred tax assets	-	(5,914)	(4,436)
Deferred tax liabilities	25,183	18,936	28,026
	25,183	13,022	23,590

35. DEFERRED TAXATION (cont'd)

Company	As at 1 January 2017 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000 (Restated)	As at 31 December 2017 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2018 RM'000
Deferred tax liabilities:					
Property, plant and equipment	3,787	(541)	3,246	(310)	2,936
Bearer plants	124	(11)	113	466	579
Biological assets	76	(33)	43	(39)	4
Inventories - land held for property development	1,361	(30)	1,331	(43)	1,288
Receivables	1,769	(1,769)	-	2,218	2,218
Derivatives	1	49	50	(38)	12
Unutilised tax losses	-	-	-	285	285
	7,118	(2,335)	4,783	2,539	7,322
Deferred tax assets:					
Provisions	(3,525)	441	(3,084)	724	(2,360)
Receivables	-	(5,919)	(5,919)	5,919	-
Inventories - others	(836)	40	(796)	66	(730)
Derivatives	(6,856)	6,856	-	-	-
Unutilised tax losses	(337)	(561)	(898)	(310)	(1,208)
	(11,554)	857	(10,697)	6,399	(4,298)
	(4,436)	(1,478)	(5,914)	8,938	3,024

Company	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	1.1.2017 RM'000 (Restated)
Presented after appropriate offsetting as follows :			
Deferred tax assets	-	(5,914)	(4,436)
Deferred tax assets	3,024	-	-
	3,024	(5,914)	(4,436)

As at 31 December 2018, deferred tax assets of approximately RM20,047,000 (31.12.2017 : RM19,633,000; 1.1.2017 : RM14,319,000) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
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36. COMMITMENTS

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	**31.12.2018 RM'000**	31.12.2017 RM'000
(a) Capital expenditures :				
Approved and contracted for				
- property, plant and equipment	**6,969**	5,900	**358**	753
- investment properties	**183**	400	**-**	-
	7,152	6,300	**358**	753
(b) Future minimum rentals receivable:				
Within one year	**17,870**	16,875	**2,983**	3,675
Within two to five years	**11,349**	11,492	**3,067**	3,671
After five years	**491**	238	**491**	872
	29,710	28,605	**6,541**	8,218

(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.

37. RELATED PARTY DISCLOSURES

Sale and purchase of goods and services

In addition to the related party balances disclosed in Notes 24 and 29, 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	
	2018 RM'000	2017 RM'000
Subsidiaries:		
Purchases	**44,962**	56,767
Sales	**53,158**	64,357
Rental income	**1,458**	1,455
Gross dividends	**10,853**	15,856
Interest income	**8,479**	4,847
Management fees	**714**	714

37. 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	
	2018	2017
	RM'000	RM'000
Commission on sales and purchases (Note 7)	**5,501**	8,029

During the year, consultancy fees amounting to RM734,000 (2017: RM741,000) 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 the year entered into a subscription agreement with third party investors and the following related parties to invest in A2I Holdings S. R.L at initial cost of RM108,710,000 (EUR 23,025,000):

- 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

38. 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)	24
Short term funds (current)	26
Trade and other payables (current and non-current)	29
Loans and borrowings (current and non-current)	28

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.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(a) Determination of fair value (cont'd)

Unquoted equity instruments

Included in the unquoted equity and debt instruments of RM16,004,000 and RM90,688,000 respectively was an investment in overseas acquired during the year. The Group had measured the fair value based on the transaction price 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 during the year.

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 and currency options are valued using a valuation technique with market observable inputs.

The derivative for currency swap contract is valued based on a pricing model that takes into account the terms of the contract and inputs such as each counterparty's creditworthiness, interest rates, credit spreads, and currency exchange rates.

(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 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 instruments				
(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

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value hierarchy (cont'd)

At 31 December 2017

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
Assets measured at fair value				
Available for sale				
- Equity instruments				
(quoted in Malaysia)	75,491	75,491	-	-
(quoted outside Malaysia)	517,615	517,615	-	-
Fair value through profit or loss				
- Derivatives	205	-	205	-
	593,311	593,106	205	-
Company				
Assets measured at fair value				
Available for sale				
- Equity instruments				
(quoted in Malaysia)	71,958	71,958	-	-
(quoted outside Malaysia)	118,578	118,578	-	-
Fair value through profit or loss				
- Derivatives	205	-	205	-
	190,741	190,536	205	-

39. 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 had no substantial long-term interest-bearing assets as at 31 December 2018. 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 primary interest rate risk relates to interest-bearing borrowings and money market. The Group manages 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.

39. 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	31.12.2018 RM'000	31.12.2017 RM'000
Group			
Fixed rate instruments			
Deposits with banks and foreign financial institutions	27	**584,138**	730,245
Floating rate instruments			
Money market funds	26	**222,213**	191,085
Bank overdrafts	28	**(7,043)**	(19,309)
Notes Payable	28	**(225,047)**	(231,683)
		(9,877)	(59,907)
Company			
Fixed rate instruments			
Deposits with banks and foreign financial institutions	27	**379,507**	476,182
Floating rate instruments			
Money market funds	26	**76,378**	51,280
Bank overdrafts	28	**(7,043)**	(19,309)
		69,335	31,971

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 RM65,000 (2017 : RM58,000) and RM97,000 (2017 : RM229,000) respectively.

39. 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	Australian Dollar ("AUD") RM'000	Euro Dollar ("EUR") RM'000	Canadian Dollar ("CAD") RM'000	China Yuan Renminbi ("CNY") RM'000	Singapore Dollar ("SGD") RM'000	United States Dollar ("USD") RM'000	Hong Kong Dollar ("HKD") RM'000	Total RM'000
31.12.2018								
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

39. 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)

Group	Australian Dollar ("AUD") RM'000	Euro Dollar ("EUR") RM'000	Canadian Dollar ("CAD") RM'000	China Yuan Renminbi ("CNY") RM'000	Singapore Dollar ("SGD") RM'000	United States Dollar ("USD") RM'000	Hong Kong Dollar ("HKD") RM'000	Total RM'000
31.12.2017								
Financial assets								
Trade receivables	-	-	-	-	-	11,658	-	11,658
Cash and bank balances	-	-	36,543	42,758	219,176	479,641	12,781	790,899
Short term funds	-	-	-	-	51,623	-	-	51,623
Financial liabilities								
Trade and other payables	-	(2)	-	-	(124)	(275)	-	(401)
Net financial assets	-	(2)	36,543	42,758	270,675	491,024	12,781	853,779
Less : Forward currency contracts	-	-	-	-	-	(11,567)	-	(11,567)
Net exposure	-	(2)	36,543	42,758	270,675	479,457	12,781	842,212

39. 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	Australian Dollar ("AUD") RM'000	Euro Dollar ("EUR") RM'000	Canadian Dollar ("CAD") RM'000	China Yuan Renminbi ("CNY") RM'000	Singapore Dollar ("SGD") RM'000	United States Dollar ("USD") RM'000	Hong Kong Dollar ("HKD") RM'000	Total RM'000
31.12.2018								
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

39. 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	Australian Dollar ("AUD") RM'000	Euro Dollar ("EUR") RM'000	Canadian Dollar ("CAD") RM'000	China Yuan Renminbi ("CNY") RM'000	Singapore Dollar ("SGD") RM'000	United States Dollar ("USD") RM'000	Hong Kong Dollar ("HKD") RM'000	Total RM'000
31.12.2017								
Financial assets								
Trade receivables	-	-	-	-	-	10,860	-	10,860
Due from subsidiaries	-	-	9,699	-	-	254,532	153,373	417,604
Cash and bank balances	-	-	31,673	42,758	207,869	190,293	-	472,593
Financial liabilities								
Trade and other payables	-	(2)	-	-	(124)	(275)	-	(401)
Net financial assets	-	(2)	41,372	42,758	207,745	455,410	153,373	900,656
Less : Forward currency contracts	-	-	-	-	-	(11,567)	-	(11,567)
Net exposure	-	(2)	41,372	42,758	207,745	443,843	153,373	889,089

39. 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, CNY, EUR, AUD 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	
	2018	2017	**2018**	2017	**2018**	2017
	strengthened/(weakened)		**RM'000**	RM'000	**RM'000**	RM'000
USD/RM	**(1.7)**	(3.8)	**(7,001)**	(18,076)	**(5,838)**	(16,733)
SGD/RM	**(0.9)**	(2.1)	**(2,534)**	(5,792)	**(1,916)**	(4,446)
HKD/RM	**(1.9)**	(4.2)	**(31)**	(538)	**(5,316)**	(6,457)
CNY/RM	**0.2**	(0.1)	**-**	-	**-**	-
AUD/RM	**(1.3)**	(3.5)	**-**	-	**-**	-
EUR/RM	**(2.7)**	(0.1)	**(76)**	-	**-**	-
CAD/RM	**0.6**	(6.5)	**23**	(2,386)	**-**	(2,702)
Total			**(9,619)**	(26,792)	**(13,070)**	(30,338)

(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 working capital requirements and to achieve overall cost effectiveness.

The following table indicates the maturity profile of the Group's and the Company's liabilities at the reporting date based on undiscounted contractual payments:

31.12.2018	**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	**29**	**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	**29**	**75,747**	**4,856**	**-**	**80,603**
Due to subsidiaries	**29**	**62,720**	**-**	**-**	**62,720**
Loans and borrowings		**7,043**	**-**	**-**	**7,043**
Total undiscounted financial liabilities		**145,510**	**4,856**	**-**	**150,366**

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Liquidity risk (cont'd)

31.12.2017	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	29	118,303	6,857	500	125,660
Loans and borrowings		31,329	221,312	-	252,641
Total undiscounted financial liabilities		149,632	228,169	500	378,301
Company					
Financial liabilities:					
Trade and other payables	29	76,331	4,648	500	81,479
Due to subsidiaries	29	60,792	-	-	60,792
Loans and borrowings		19,309	-	-	19,309
Total undiscounted financial liabilities		156,432	4,648	500	161,580

(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 24. 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 2018

39. 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	
	31.12.2018	31.12.2017
	RM'000	RM'000
Corporate guarantees for borrowing facilities granted by financial institutions to subsidiaries	**225,047**	231,683

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			
	31.12.2018		31.12.2017	
	RM'000	**% of total**	RM'000	% of total
By country:				
Malaysia	**35,373**	**68**	55,201	77
Singapore	**6,244**	**12**	4,639	6
Other countries	**10,470**	**20**	11,871	17
	52,087	**100**	71,711	100
By industry sectors:				
Manufacturing	**34,137**	**66**	46,093	64
Property development and investment	**11,054**	**21**	19,888	28
Hotel and resort	**6,896**	**13**	5,730	8
	52,087	**100**	71,711	100

	Company			
	31.12.2018		31.12.2017	
	RM'000	**% of total**	RM'000	% of total
By country:				
Malaysia	**30,229**	**79**	48,833	82
Singapore	**6,244**	**16**	4,639	8
Other countries	**2,006**	**5**	6,223	10
	38,479	**100**	59,695	100
By industry sectors:				
Manufacturing	**27,500**	**71**	39,892	67
Property development and investment	**10,979**	**29**	19,803	33
	38,479	**100**	59,695	100

39. 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 9%, 9%, 8%, 3%, and 0% (2017: 8%, 13%, 33%, 23% and 7%) respectively with all other variables held constant, the effects on other comprehensive income for the Group would have been as follows:

	Group	
	31.12.2018	31.12.2017
Other comprehensive income	**RM'000**	RM'000
Listed in Malaysia		
- increased by	**5,755**	6,039
- decreased by	**(5,755)**	(6,039)
Listed in Singapore		
- increased by	**8,190**	14,083
- decreased by	**(8,190)**	(14,083)
Listed in Hong Kong		
- increased by	**21,174**	127,771
- decreased by	**(21,174)**	(127,771)
Listed in United States of America		
- increased by	**442**	3,884
- decreased by	**(442)**	(3,884)
Listed in France		
- increased by	**-**	365
- decreased by	**-**	(365)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(e) Market price risk (cont'd)

Sensitivity analysis for equity price risk (cont'd)

	Company	
	31.12.2018	31.12.2017
Other comprehensive income	**RM'000**	RM'000
Listed in Malaysia		
- increased by	**5,468**	5,757
- decreased by	**(5,468)**	(5,757)
Listed in Singapore		
- increased by	**5,754**	9,810
- decreased by	**(5,754)**	(9,810)
Listed in Hong Kong		
- increased by	**1,503**	6,936
- decreased by	**(1,503)**	(6,936)
Listed in United States of America		
- increased by	**442**	3,884
- decreased by	**(442)**	(3,884)
Listed in France		
- increased by	**-**	365
- decreased by	**-**	(365)

(f) Changes in liabilities arising from financing activities

	Group	
	2018	2017
	RM'000	RM'000
At 1 January 2018*^/2017*	**241,379**	266,048
Cash flows:		
- Repayments of loans and borrowings	**(11,941)**	(16,656)
- Drawdown of loans and borrowings	**-**	4,309
- Advances from shareholders of a subsidiary	**(9,697)**	9,696
Change in fair value loss on cross currency swap contract	**-**	3,872
Deferred loan costs	**658**	(1,207)
Foreign exchange movement	**4,648**	(24,683)
At 31 December 2018**/2017*^	**225,047**	241,379

* 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

40. 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.

41. 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.

41. 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	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 loss	-	-	-	-	-	(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

31.12.2018	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 receivebles	-	170	(46)	-	-	-	124
Net fair value loss on derivatives	160	-	-	-	-	-	160

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

41. SEGMENT INFORMATION (cont'd)

2017	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	831,579	239,708	108,417	-	9,553	-	-	1,189,257
- Intra/inter-segment sales	99,789	-	1,456	30,109	15,856	-	(147,210)	-
Total revenue	931,368	239,708	109,873	30,109	25,409	-	(147,210)	1,189,257
Results								
Operating results	(22,911)	(71,320)	33,384	11,149	(11,684)	-	108,458	47,076
Foreign exchange gain	-	-	-	-	-	(26,880)	(28)	(26,908)
Finance costs	(613)	(6,550)	(252)	-	(3,860)	(874)	4,875	(7,274)
Interest income	-	-	-	-	-	22,961	(4,847)	18,114
(Loss)/profit before tax	(23,524)	(77,870)	33,132	11,149	(15,544)	(4,793)	108,458	31,008
Income tax expense								(7,966)
Profit net of tax								23,042

31.12.2017	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	187,999	552,287	518,659	57,460	1,514,577	77,385	2,908,367
Unallocated assets							11,726
Consolidated total assets							2,920,093
Segment liabilities	69,207	265,067	41,453	1,695	21	782	378,225
Unallocated liabilities							19,452
Consolidated total liabilities							397,677
OTHER INFORMATION							
Capital expenditure	2,719	47,108	1,476	1,507	-	-	52,810
Depreciation	5,154	25,809	4,390	811	-	-	36,164
Amortisation	113	16	-	296	-	-	425
Impairment loss on trade receivables	-	65	24	-	-	-	89
Net fair value (gain)/loss on derivatives	(28,772)	3,872	-	-	-	-	(24,900)

41. SEGMENT INFORMATION (cont'd)

(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	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Gross revenue	**728,452**	961,640	**1,402**	1,342	**4,216**	3,665	**82,382**	69,179	**150,825**	153,431	**967,277**	1,189,257
Segment assets	**1,637,381**	1,710,951	**193,093**	271,092	**382,485**	388,971	**77,887**	80,626	**484,682**	468,453	**2,775,528**	2,920,093
Capital expenditure	**33,460**	8,202	**-**	-	**-**	-	**10,873**	31,165	**4,502**	13,443	**48,835**	52,810

42. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 5 April 2019.

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2019

No. of Shares Issued	: 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	164	2.042	5,662	0.001
100 to 1,000	1,011	12.587	833,424	0.232
1,001 to 10,000	4,954	61.678	20,197,676	5.621
10,001 to 100,000	1,687	21.004	48,217,700	13.420
100,001 to less than 5% Issued Shares	212	2.640	120,499,619	33.537
5% and above of Issued Shares	4	0.049	169,549,529	47.189
	8,032	**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)	74,029,078	20.604
2.	Ho Yeow Koon And Sons Private Limited	53,637,289	14.928
3.	Ho Eng Chong @ Ho Kian Cheong	23,658,162	6.585
4.	Plentong Quarry (M) Sdn Bhd	18,225,000	5.072
5.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for UBS AG Hong Kong (Foreign)	12,012,272	3.343
6.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Hong Kong Branch)	11,797,000	3.283
7.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	5,416,825	1.508
8.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Vuitton Assets Ltd	4,500,000	1.252
9.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Liteace Management Ltd	4,500,000	1.252
10.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Skytrax Ventures Ltd	4,500,000	1.252
11.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Laser Ace Ventures Ltd	4,500,000	1.252
12.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	3,047,557	0.848
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8016787)	2,804,750	0.781
14.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	2,504,000	0.697
15.	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8106483)	2,335,500	0.650

^ 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	%^
16.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN for Deutsche Bank AG Singapore (Maybank SG PWM)	1,975,300	0.550
17.	Tan Jin Tuan	1,690,666	0.471
18.	Tunku Zahrah Binti Tunku Osman	1,545,000	0.430
19.	Chinchoo Investment Sdn. Berhad	1,530,000	0.426
20.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	1,369,552	0.381
21.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian (Hong Kong) Limited (A/C Clients)	1,278,000	0.356
22.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	1,101,000	0.307
23.	Key Development Sdn. Berhad	1,024,050	0.285
24.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Ho Eng Chong @ Ho Kian Cheong	1,004,274	0.280
25.	Ang Seng Chin	1,000,000	0.278
26.	Ang Teow Cheng & Sons Sdn Bhd	1,000,000	0.278
27.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank NA Singapore (OCBC PC-NR)	1,000,000	0.278
28.	Lim Peng Jin	1,000,000	0.278
29.	Tan Kien Leng	957,000	0.266
30.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-R ES)	898,000	0.250
		245,840,275	**68.421**

^ 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 29 March 2019

	Direct Interest		Indirect Interest	
	No. of Shares	(%)	No. of Shares	(%)
Ho Yeow Koon And Sons Private Limited	54,339,789	15.12	21,920,512 [1]	6.10
Dato' Ho Cheng Chong @ Ho Kian Hock	24,898,087	6.93	99,072,573 [2]	27.57
Ho Kim Swee @ Ho Kian Guan	24,395,538	6.79	99,072,573 [2]	27.57
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 *By virtue of its interest in Plentong Quarry (M) Sdn. Bhd., Firmstead Realty Sendirian Berhad and South West Holdings Sdn. Bhd.*

2 *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 *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 Substantial Shareholders as at 29 March 2019

		Direct Interest		Deemed Interest	
	Name of Directors	No. of Shares	%	No. of Shares	%
1.	Dato' Ho Cheng Chong @ Ho Kian Hock	24,898,087	6.93	99,072,573 [1]	27.57
2.	Ho Kim Swee @ Ho Kian Guan	24,395,538	6.79	99,072,573 [1]	27.57
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	0.03	–	–
6.	YM Tengku Yunus Kamaruddin	–	–	–	–
7.	Maj-Gen (R) Dato' Muhammad Bin Yunus	–	–	–	–
8.	Too Hing Yeap @ Too Heng Yip	–	–	–	–
9.	Tai Lam Shin	–	–	–	–
10.	Mahathir Bin Mohamed Ismail	–	–	–	–
11.	Ho Chung Kain (He ChongJing) [Alternate Director to Dato' Ho Cheng Chong @ Ho Kian Hock]	262,800	0.07	–	–
12.	Ho Chung Hui [Alternate Director to Lee Huee Nan @ Lee Hwee Leng]	–	–	–	–
13.	Ho Chung Tao [Alternate Director to Chan Lui Ming Ivan]	–	–	–	–
14.	Ho Chung Kiat, Sydney (He ChongJie, Sydney) [Alternate Director to Ho Eng Chong @ Ho Kian Cheong]	–	–	–	–

Notes:

1 *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 *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

		Direct Interest		Indirect Interest	
	Name of Directors	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, YM Tengku Yunus Kamaruddin, Too Hing Yeap @ Too Heng Yip, Tai Lam Shin, Mahathir Bin Mohamed Ismail, 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 2018

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.	–	88,295	18-04-1980 #
Bandar Baru Kangkar Pulai	27 km Pontian Road immediately after Kangkar Pulai Village.	Freehold/ Leasehold	2,053,588 sq metres (Development area)	Development of residential & commercial units including area planted with oil palm. The 99 years lease expires in 2102.	–	174,620	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.	–	39,089	18-04-1980 #
Taman Daya	13 km north-east of Johor Bahru. (near Kampong Baru, Kangkar Tebrau)	Freehold	149,948 sq metres (Development area)	Development of residential & commercial units.	–	10,519	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 years lease expires in 2115.	–	30,394	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.	–	14,622	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.	47	118,201	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.	5	302,137	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.	23	53,927	15-08-1996

PARTICULARS OF GROUP PROPERTIES 2018 (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.	54	45,679	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.	28	51,671	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 years lease expires in 2828.	39	5,009	25-09-1980
Double-Storey Villa	Tanjong Puteri Golf Resort, Pasir Gudang, Johor.	Freehold	47,219 sq metres (Land area)	34-units for recreation.	22	4,812	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.	38	37	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.	9	3,899	01-05-2010

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Ninth Annual General Meeting ("49th AGM") of the Company will be held at **Conference Room of Tanjong Puteri Golf Resort Berhad, Pasir Gudang, Johor Darul Takzim** on **Thursday, 30 May 2019** at **11.00 a.m.** for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. *(Please refer to the Explanatory Notes to the Agenda)*
2. To approve the payment of a single tier final dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2018. ***(Ordinary Resolution 1)***
3. To approve the payment of Directors' Fees of RM835,000 for the financial year ended 31 December 2018. ***(Ordinary Resolution 2)***
4. To approve the payment of Directors' benefits of RM300,000 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. ***(Ordinary Resolution 3)***
5. To re-elect the following Directors who are retiring in accordance with Article 78 of the Articles of Association, comprising part of the Constitution of the Company.
   (a) Ho Kim Swee @ Ho Kian Guan ***(Ordinary Resolution 4)***
   (b) Ho Eng Chong @ Ho Kian Cheong ***(Ordinary Resolution 5)***
   (c) Mahathir Bin Mohamed Ismail ***(Ordinary Resolution 6)***
6. To re-appoint Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. ***(Ordinary Resolution 7)***

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions, with or without modification:

7. **Proposed continuation in office of Too Hing Yeap @ Too Heng Yip as Independent Non-Executive Director**

   "**THAT** approval be and is hereby given to Too Hing Yeap @ Too Heng Yip who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance." ***(Ordinary Resolution 8)***

8. **Proposed continuation in office of YM Tengku Yunus Kamaruddin as Independent Non-Executive Director**

   "**THAT** approval be and is hereby given to YM Tengku Yunus Kamaruddin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance." ***(Ordinary Resolution 9)***

9. **Proposed continuation in office of Maj-Gen (R) Dato' Muhammad Bin Yunus as Independent Non-Executive Director**

   "**THAT** approval be and is hereby given to Maj-Gen (R) Dato' Muhammad Bin Yunus who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance." ***(Ordinary Resolution 10)***

10. **Proposed Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

"**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to the Memorandum and Articles of Association of the Company and the approvals of the relevant governmental/ regulatory authorities (if any), the Directors of the Company be and are hereby authorised to allot and issue shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting." ***(Ordinary Resolution 11)***

11. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")**

"**THAT** subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of Part A of the Circular to Shareholders dated 29 April 2019, provided that such transactions are necessary for the Group's day-to-day operations and carried out in the ordinary course of business and at arms-length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company. ***(Ordinary Resolution 12)***

THAT the authority conferred by such mandate shall continue to be in force until:

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

(ii) the expiration of the period within which the next annual general meeting is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

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

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate."

12. **Proposed Renewal of Shareholders' Mandate for Share Buy-Back**

"**THAT** subject to the Companies Act 2016 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company ("Share Buy-Back Mandate") provided that: ***(Ordinary Resolution 13)***

(a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten percent (10%) of the total number of issued shares of the Company as at the point of purchase(s);

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and

(c) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees' share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

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

(i) the conclusion of the next annual general meeting of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next annual general meeting of the Company after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and to give full effect to the Share Buy-Back Mandate with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company in accordance with the Act, regulations and guidelines."

13. **Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution ("Proposed Alteration")**

"**THAT** the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution as set out in Part C of the Circular to Shareholders dated 29 April 2019 with effect from the date of passing this special resolution. ***(Special Resolution)***

AND THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

14. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Articles of Association, comprising part of the Constitution of the Company.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT that subject to the approval of the shareholders at the 49th AGM, a single tier final dividend of 6 sen per ordinary share will be payable on 18 July 2019 to shareholders whose names appear in the Record of Depositors at the close of business on 28 June 2019.

A Depositor shall qualify for entitlement only in respect of:

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 28 June 2019 in respect of ordinary shares;

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

FONG SOK YEE (MAICSA 7066501)
LIM HOOI MOOI (MAICSA 0799764)
TE HOCK WEE (MAICSA 7054787)
Company Secretaries
Kuala Lumpur

29 April 2019

Notes:

1. *A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote at his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

2. *Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*

3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

4. *Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies to attend at the same meeting, the proportion of his/her shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

5. *The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

6. *The Form of Proxy must be deposited at the Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*

7. *For the purposes of determining who shall be entitled to attend, speak and vote at this meeting, the Company shall be requesting the Record of Depositors as at 23 May 2019. Only a depositor whose name appears on the Record of Depositors as at 23 May 2019 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.*

8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.*

EXPLANATORY NOTES TO THE AGENDA

(i) ***Item 1 of the Agenda***
To receive the Audited Financial Statements

This item is meant for discussion only. The provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval from the shareholders for the Audited Financial Statements. As such, this Agenda item will not be put for voting.

(ii) ***Ordinary Resolutions 4, 5 and 6***
Re-election of Directors

Ho Kim Swee @ Ho Kian Guan, Ho Eng Chong @ Ho Kian Cheong and Mahathir Bin Mohamed Ismail are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 49th AGM.

The Board of Directors has through the Nomination Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

(iii) ***Ordinary Resolutions 8, 9 and 10***
Proposed continuation in office of Too Hing Yeap @ Too Heng Yip, YM Tengku Yunus Kamaruddin and Maj-Gen (R) Dato' Muhammad Bin Yunus as Independent Non-Executive Directors

Practice 4.2 of the Malaysian Code on Corporate Governance provides that shareholders' approval be sought in the event that the Company intends for an Independent Director who has served in the capacity for more than nine (9) years, to continue to act as Independent Director of the Company.

The Board is recommending to the shareholders for Too Hing Yeap @ Too Heng Yip, YM Tengku Yunus Kamaruddin and Maj-Gen (R) Dato' Muhammad Bin Yunus who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and twelve (12) years respectively to continue to act as Independent Non-Executive Directors of the Company.

The Board through the Nomination Committee had assessed and endorsed that Too Hing Yeap @ Too Heng Yip, YM Tengku Yunus Kamaruddin and Maj-Gen (R) Dato' Muhammad Bin Yunus be retained as Independent Non-Executive Directors of the Company as they have continued to display high level of integrity and are objective in their judgement and decision-making in the best interest of the Company, shareholders and stakeholders and are able to express unbiased views without any influence, the detailed justifications are as set out in this Annual Report.

(iv) ***Ordinary Resolution 11***
Proposed Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

This proposed Resolution, if passed, will empower the Directors to allot up to a maximum of 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The purpose of this general mandate is for possible fund-raising exercise for the purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 30 May 2018 and the mandate will lapse at the conclusion of the 49th AGM.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

(v) ***Ordinary Resolution 12***
<u>Proposed Renewal of Shareholders' Mandate</u>

The proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with its related parties in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company and is subject to renewal on an annual basis.

Further details relating to this proposed resolution are set out in Part A of the Company's Circular to Shareholders dated 29 April 2019, which was circulated together with the Company's 2018 Annual Report.

(vi) ***Ordinary Resolution 13***
<u>Proposed Renewal of Shareholders' Mandate for Share Buy-Back</u>

The proposed resolution, if passed, will empower the Company to purchase its own shares up to ten percent (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

Further details relating to this proposed resolution are set out in Part B of the Company's Statement to Shareholders dated 29 April 2019, which was circulated together with the Company's 2018 Annual Report.

(vii) ***Special Resolution***
<u>Proposed Alteration</u>

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016 and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to Part C of the Company's Circular to Shareholders dated 29 April 2019 as enclosed together with the Company's 2018 Annual Report.

FORM OF PROXY

No. of ordinary shares held	CDS Account No.

I/We ______________________________ NRIC No./Passport No./Company No. ______________________________
[Full name in Block Letters]

of ____
[Full address]

____

being a *member/members of KECK SENG (MALAYSIA) BERHAD ("KSMB") hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy	%
1.		
and/or		
2.		

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Forty-Ninth Annual General Meeting ("49th AGM") of KSMB to be held at **Conference Room of Tanjong Puteri Golf Resort Berhad, Pasir Gudang, Johor Darul Takzim** on **Thursday, 30 May 2019** at **11.00 a.m.** and at any adjournment thereof.

	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of a single tier final dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2018.		
2.	To approve the payment of Directors' Fees of RM835,000 for the financial year ended 31 December 2018.		
3.	To approve the payment of Directors' benefits of RM300,000 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company.		
4.	To re-elect Ho Kim Swee @ Ho Kian Guan as Director.		
5.	To re-elect Ho Eng Chong @ Ho Kian Cheong as Director.		
6.	To re-elect Mahathir Bin Mohamed Ismail as Director.		
7.	To re-appoint Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
8.	Proposed continuation in office of Too Hing Yeap @ Too Heng Yip as Independent Non-Executive Director.		
9.	Proposed continuation in office of YM Tengku Yunus Kamaruddin as Independent Non-Executive Director.		
10.	Proposed continuation in office of Maj-Gen (R) Dato' Muhammad Bin Yunus as Independent Non-Executive Director.		
11.	Proposed Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
12.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
13.	Proposed Renewal of Shareholders' Mandate for Share Buy-Back.		
	SPECIAL RESOLUTION		
	Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his /her discretion).

Signed this ____________ day of ________________ 2019. ______________________________

Signature/Common Seal of Member(s)

Contact No: ______________________

NOTES:

1. *A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote at his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
2. *Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies to attend at the same meeting, the proportion of his/her shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
5. *The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
6. *The Form of Proxy must be deposited at the Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*
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8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.*

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THE SHARE REGISTRAR
KECK SENG (MALAYSIA) BERHAD (8157-D)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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KECK SENG (MALAYSIA) BERHAD
Website: http://my.keckseng.com