激成(馬來西亞)有限公司

KECK SENG (MALAYSIA) BERHAD

(8157-D)

ANNUAL REPORT

2017

LAPORAN TAHUNAN

CONTENTS

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 an annual turnover exceeding RM1 billion. Today our business operations extend 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	2,163,364 sqm
Tanjong Puteri Resort	35 km south-east of Johor Bahru. Adjacent to Pasir Gudang Industrial Estate.	Freehold	2,465,748 sqm
Taman Daya	13 km north-east of Johor Bahru, (near Kampong Baru, Kangkar Tebrau).	Freehold	239,601 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

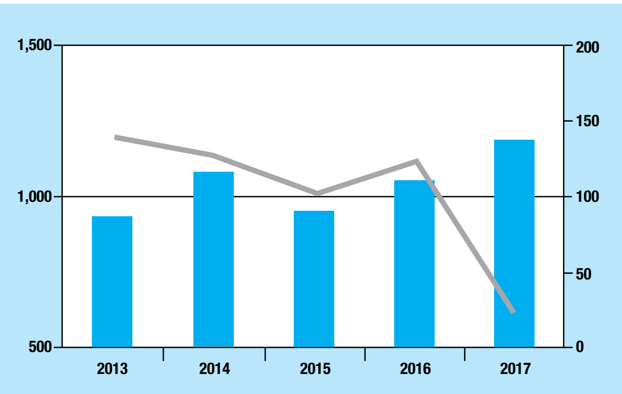
Resort	Location	Tenure	Land Area	Description
Tanjong Puteri Golf Resort	35 km south-east of Johor Bahru. Adjacent to Pasir Gudang Industrial Estate.	Freehold	208 hectare	54 holes golf course, clubs and other recreational facilities

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

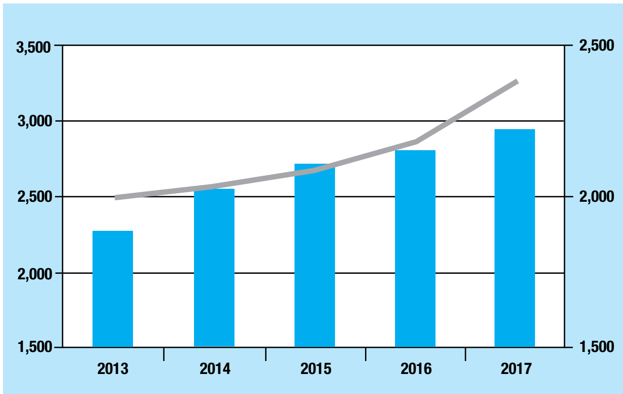
(RM'000)	2013	2014	2015 (Restated)	2016 (Restated)	**2017**
Revenue by business segments:					
Plantations and Manufacturing	643,102	730,751	604,866	687,862	**831,579**
Property Development and Investment	137,677	182,671	121,628	116,622	**108,814**
Hotels and Resort	138,525	166,080	223,976	237,219	**239,708**
Share Investment Holding	11,040	7,021	7,689	7,524	**9,553**
Total revenue	930,344	1,086,523	958,159	1,049,227	**1,189,654**
Profit before tax	181,017	166,446	113,632	154,955	**31,016**
Profit net of tax	147,246	128,581	104,341	128,101	**23,023**
Profit net of tax attributable to owners of the parent	148,817	129,719	101,978	124,291	**22,858**
Earnings per share (sen)	41	36	28	35	**6**
Dividends per share (sen)	11.5	10	10	10	**10**
Equity attributable to owners of the parent	2,000,112	2,034,072	2,106,787	2,210,367	**2,377,607**
Total assets	2,264,492	2,567,213	2,765,304	2,868,216	**2,927,377**
Loans and borrowings	0	263,272	300,685	293,031	**250,992**

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)	2013	2014	2015	2016	**2017**
Highest daily close	7.76	7.44	5.94	5.67	**5.18**
Lowest daily close	4.16	5.06	4.42	4.69	**4.55**
Year-end closing	6.88	5.26	5.40	4.73	**4.60**

CHAIRMAN'S STATEMENT

Dear Shareholders,

The financial year ended 31 December 2017 was challenging for Keck Seng Malaysia.

Performance

A confluence of factors caused profit to drop despite higher revenue recorded in 2017. Our hotels in North America were affected by renovation and competition. Manufacturing continued to operate in a tough environment.

Outlook and Strategy

To strive for better performance this year, we are taking steps to enhance efficiencies and reduce costs in several areas. To stay ahead, we also have to expand and diversify our revenue stream. In particular, we are planning to invest EUR 25 million in AccorInvest Group S.A. ("AccorInvest"), a world leader in hotel real estate. A stake in AccorInvest is expected to provide us with an opportunity to gain exposure to a diversified portfolio of hotels mainly located in Europe with resilient income stream and opportunities for value creation.

Our approach to evaluate such investment is to err on the side of caution in the face of rising geopolitical tensions and uncertain economic outlook. Maintaining stringent financial management is thus important to improve the Group's cash flows and financial position.

Dividends

Our financial prudence has put us in a position to reward shareholders with consistent dividends.

We declared a single tier interim dividend of 4 sen per share last August. The Board will be recommending a single tier final dividend of 6 sen per share for shareholders' approval during the coming Annual General Meeting.

Acknowledgement

I wish to thank my fellow directors and our employees 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
6 April 2018

FINANCIAL REVIEW

Revenue for 2017 increased by RM 140.4 million or 13.4% to RM 1,189.7 million as compared with 2016. The higher revenue was contributed by Manufacturing division which recorded higher selling prices and higher quantity of refined oil sold. Profit before tax however dropped 80.0% to RM 31.0 million. Manufacturing division recorded a loss in 2017 due to poor margins and currency fluctuations. Hotels division registered a lower profit due to lower occupancy rates because of renovation in Toronto and competition. Lastly, the strengthening of ringgit caused forex translation loss for other currency holdings. Thus, profit net of tax attributable to shareholders fell by 81.6% to RM 22.9 million.

A strong financial position was maintained. Cash and bank balances declined slightly to RM 1,034.9 million from RM 1,083.5 million in 2016. Loans and borrowings decreased to RM 251.0 million from RM 293.0 million due to repayment.

OPERATIONS REVIEW

Plantations and Manufacturing

Overall performance of Plantation division in 2017 was slightly below expectation as crop production were affected by the previous drought period. As the effect of the 2016 dry period will impact crop production for up to 24 months, 2018's crop production is forecasted to be similar to 2017.

Plantations in Malaysia face acute labour shortage and we intend to focus on mechanisation of our field operations to reduce labour dependency. Investment on supporting field infrastructures and procurement of machineries in preparation for mechanisation will be higher in 2018.

The Manufacturing division faced a trying period last year as it grappled with fluctuations of raw material prices and foreign exchange rates. Higher operating cost and volatility of exchange rates will continue to affect performance this year.

	2013	2014	2015	2016	**2017**
PRODUCTION (mt)					
Fresh fruit bunches (own estates)	76,485	71,725	71,170	58,685	**50,586**
Refined palm products	438,327	453,004	374,773	364,401	**395,910**
Crude palm oil	51,735	55,773	52,281	39,576	**44,497**
Palm kernel	16,973	17,321	15,986	12,164	**14,340**
GROSS SELLING PRICE (RM/mt)					
Refined palm products	2,609	2,880	2,771	3,285	**3,604**
Palm kernels (ex mill)	1,368	1,724	1,591	2,610	**2,527**
AREA PLANTED (hectare)	3,636	3,602	3,613	3,534	**3,396**
Immature hectareage (< 3 years)	118	277	395	322	**404**
Matured hectareage	3,518	3,325	3,218	3,212	**2,992**
Average yield per matured hectareage (mt)	21.7	21.6	22.1	18.3	**16.9**

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

OPERATIONS REVIEW (cont'd)

Property Development and Investment

In Taman Daya, we had sold 199 out of 246 units of the Johor affordable (RMMJ) houses. We are also continuing to market our three storey shop offices for sales and rental.

We are planning to launch new phases in Bandar Baru Kangkar Pulai comprising 142 units of double storey terrace houses and 58 units of double storey shop offices in the second quarter this year. In the same project, we will continue to sell the remaining units in Phase 3E currently under progress construction and the remaining units of completed double storey semi-detached houses in Phase 2E. In addition, 168 units of single storey cluster houses and 167 units of single storey terrace houses will be launched in the third quarter.

In Tanjong Puteri Resort, most of the Phase 4 single storey terrace houses had been sold and we will work to sell the remaining units and the double storey shop offices currently under progress construction. We intend to launch 129 units of single storey houses and 88 units of double storey terrace houses in the third quarter.

Occupancy and rental rates at Menara Keck Seng, our office building in Kuala Lumpur, are expected to be stable. Despite a difficult operating environment, we are hopeful that existing tenants will expand their usage of office space as they grow their business.

There is an oversupply of residential apartments in Kuala Lumpur City Centre, all competing for a limited pool of expatriate tenants. Regency Tower, our residential building at Kuala Lumpur is adversely affected. However, it will continue to generate rental income to the Group.

Hotels and Resort

Our hotel in Toronto was successfully re-branded as the “Delta Hotels by Marriott Toronto Airport and Conference Centre” in June 2017. In joining the Marriott system, the Hotel is able to leverage on Marriott’s central reservation system, its loyalty program and its various sale initiatives. In the first half of last year, occupancy was adversely affected by the renovation work related to the re-branding exercise. After completion of renovation, the Hotel achieved higher room rates, experienced a pickup in forward bookings, and increased food and beverage sales. We expect this trend to continue in 2018.

The “DoubleTree by Hilton Hotel Alana Waikiki Beach” continued to be negatively impacted by the increase in hotel room supply in Waikiki. This was further exacerbated by the fact that some of these new hotels share the same Hilton reservation system. Longer term, Hawaii’s hospitality industry is expected to be resilient, the additional room supply will be absorbed, and we expect the situation to stabilise.

The outlook for New York City’s hospitality industry in 2018 is relatively soft particularly for the Midtown Manhattan market in which “SpringHill Suites New York” is located. A new hotel behind SpringHill Suites is likely to commence construction in 2018 and the construction would cause some business disruptions to the Hotel. That said, SpringHill Suites is anticipated to see an increase in corporate segment business from the addition of two new meeting rooms, and we are taking all effort to optimise the Marriott brand and its reservation network. Continued focus on growing the hotel’s corporate segment will also be a priority. New York’s overall occupancy remains stable, and management will continue to optimise Marriott’s brand program and outreach to improve market share.

Profitability of Tanjong Puteri Golf Resort ("the Resort") for 2017 did not improve due to increased competition from nearby hotels and golf clubs and higher operating costs. Visits from Singapore golfers were affected by increases in toll charges and adverse weather. We will continue our efforts to improve its business such as seeking new golfing markets, offering attractive and value added promotions for accommodation and F&B selections. To enhance the attractiveness of the Resort in the long run, we have embarked on upgrading projects for the golf course, villas and function rooms. The Resort is expected to show marginal improvements with the patronage from Korean Winter golfers and long stay contracts in early 2018. However, business will be affected by the nine-month closure of the “Plantation” course for upgrading works. We also anticipate increasing wages and land assessment rates to contribute to higher operating costs, and the operating environment for the Resort remains highly challenging. Nonetheless, management are putting all effort to seek new market segments and new revenue streams.

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*

COMPANY SECRETARY
Yong May Li (f)
(LS0000295)

AUDITORS
Messrs Ernst & Young (AF 0039)
Chartered Accountants
Suite 11.2, Level 11, Menara Pelangi,
No. 2, Jalan Kuning, Taman Pelangi,
80400 Johor Bahru, Johor
Tel : 07-334 1740 Fax : 07-334 1749

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 72/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 47 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) and Mr. Ho Chung Hui.

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 2017. Details pertaining to these transactions are disclosed under Note 35 to the Financial Statements.

BOARD MEETINGS ATTENDED
5 out of 5.

DATO' HO CHENG CHONG @ HO KIAN HOCK

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

AGE/GENDER	**NATIONALITY**
Age 70/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 and Mr. Ho Chung Tao.

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 2017. Details pertaining to these transactions are disclosed under Note 35 to the Financial Statements.

BOARD MEETINGS ATTENDED
5 out of 5.

HO ENG CHONG @ HO KIAN CHEONG

Non-Executive Director

AGE/GENDER	NATIONALITY
Age 68/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 uncle of Mr. Chan Lui Ming Ivan, Mr. Ho Chung Kain (He ChongJing), Mr. Ho Chung Hui and Mr. Ho Chung Tao.

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 2017. Details pertaining to these transactions are disclosed under Note 35 to the Financial Statements.

BOARD MEETINGS ATTENDED
5 out of 5.

CHAN LUI MING IVAN

Executive Director

AGE/GENDER	**NATIONALITY**
Age 48/Male	Singaporean

ACADEMIC/PROFESSIONAL QUALIFICATION
Bachelor of Business Administration (Honours), National University of Singapore; and
Master of Science, 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 overseas 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 and Mr. Ho Chung Tao.

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 2017. Details pertaining to these transactions are disclosed under Note 35 to the Financial Statements.

BOARD MEETINGS ATTENDED
5 out of 5.

DIRECTORS' PROFILE (Cont'd)

LEE HUEE NAN @ LEE HWEE LENG

Executive Director

AGE/GENDER	**NATIONALITY**
Age 66/Female	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
5 out of 5.

TOO HING YEAP @ TOO HENG YIP

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

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

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

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

OTHER DIRECTORSHIP
Listed Companies : Nil
Other Public Companies : Nil

FAMILY RELATIONSHIP
None.

DIRECTORS' PROFILE (Cont'd)

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

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

CONFLICT OF INTERESTS
None.

CONVICTIONS FOR OFFENCES
Mr. Too has 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 5.

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 77/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 5.

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 72/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 5.

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 60/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 is 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

DIRECTORS' PROFILE [Cont'd]

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
5 out of 5.

MAHATHIR BIN MOHAMED ISMAIL

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

AGE/GENDER	**NATIONALITY**
Age 68/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 is presently a Lecturer in Audit & Corporate Governance, Accounting, Business Ethics in Taylor's University. He also has considerable experience in the banking and finance field with his tenure at 3 Malaysian financial institutions, listed companies and private companies.

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
5 out of 5.

DIRECTORS' PROFILE [Cont'd]

HO CHUNG KAIN (HE CHONGJING)

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

AGE/GENDER	**NATIONALITY**
Age 43/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 19 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 (appointed on 5 January 2018).
[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 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.

HO CHUNG HUI

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

AGE/GENDER	**NATIONALITY**
Age 42/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 (appointed on 5 January 2018).
[Both companies are subsidiaries of the Company]

DIRECTORS' PROFILE [Cont'd]

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 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.

HO CHUNG TAO

Alternate Director to Mr. Chan Lui Ming Ivan

AGE/GENDER	NATIONALITY
Age 43/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 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) and Mr. Ho Chung Hui.

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 55/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 and 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 65/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION

Bachelor of Chemical Engineering, University Malaya; and
P. Eng (Malaysia).

DATE APPOINTED/WORK EXPERIENCE

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

OTHER DIRECTORSHIP

Listed Companies : Nil
Other Public Companies : Lim & Lim Plantations Berhad
(A Subsidiary of the Company)

KEY SENIOR MANAGEMENT'S PROFILE (Cont'd)

PROPERTY DEVELOPMENT

CHONG KIN MENG, VINCENT
General Manager
Johor, Malaysia

AGE/GENDER	NATIONALITY
Age 58/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 34 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 61/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 28 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 41/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
Chief Executive Officer
Johor, Malaysia

AGE/GENDER	**NATIONALITY**
Age 76/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.

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)

TAN CHING WEI
General Manager
Johor, Malaysia

AGE/GENDER	NATIONALITY
Age 53/Male	Malaysian

ACADEMIC/PROFESSIONAL QUALIFICATION
MSC, Nanyang Technological University of Singapore; and
Bachelor of Agricultural Science, University of Melbourne, Australia.

DATE APPOINTED/WORK EXPERIENCE
Mr. Tan has been the General Manager of Tanjong Puteri Golf Resort Berhad since October 2011.

OTHER DIRECTORSHIP
Listed Companies : Nil
Other Public Companies : Nil

HOTEL

PETER WONG
President – North America
San Francisco, USA

AGE/GENDER	NATIONALITY
Age 65/Male	American

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

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

OTHER DIRECTORSHIP
Listed Companies : Nil
Other Public Companies : Nil

KEY SENIOR MANAGEMENT'S PROFILE (Cont'd)

HOTEL (cont'd)

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

AGE/GENDER	NATIONALITY
Age 54/Male	Canadian

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

DATE APPOINTED/WORK EXPERIENCE
Robert was appointed as Regional VP of Operations 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	NATIONALITY
Age 62/Male	American

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

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

OTHER DIRECTORSHIP
Listed Companies : Nil
Other Public Companies : Nil

KEY SENIOR MANAGEMENT'S PROFILE (Cont'd)

INVESTMENT HOLDING

TSE SEE FAN PAUL

Director
Hong Kong

AGE/GENDER	NATIONALITY
Age 63/Male	Hong Kong, China

ACADEMIC/PROFESSIONAL QUALIFICATION
Master in 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, Brosna Limited and Promas Limited on 30 January 1981 and 27 December 1984 respectively.

OTHER DIRECTORSHIP
Listed Companies : Nil
Other Public Companies : Nil

GROUP FINANCE

REUSON SEET

Group Accountant
Johor, Malaysia

AGE/GENDER	NATIONALITY
Age 45/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 16 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

GROUP FINANCE (cont'd)

GAN KIM BUAN
Financial Consultant
Johor, Malaysia

AGE/GENDER	NATIONALITY
Age 69/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 2017.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

The Group has applied the three (3) key principles as set out in the Malaysian Code on Corporate Governance ("CG Code") for the whole of the financial year ended 31 December 2017 ("FY 2017") till 6 April 2018 except:

Practice 4.2 – Two-tier shareholder voting process to retain an independent director who has served more than twelve (12) years.

Practice 6.1 – Policies and procedures to determine the remuneration of directors and senior management, which are periodically reviewed and made available on the company's website.

Practice 7.1 – Detailed disclosure on named basis for the remuneration of individual directors.

Practice 7.2 – Disclosure on a named basis the top five (5) senior management's remuneration component in bands of RM50,000.

Practice 9.2 – Disclosing the features of its risk management and internal control framework and stating if the framework is based on an internationally recognised risk management framework.

Details on the application of each individual Practices of the CG Code are available in the Statement on Corporate Governance.

Presented below is a broad overview of the Group's application of the CG Code for FY 2017.

Principle A – Board Leadership and Effectiveness

The Board recognises that it is fully responsible for the performance of the Group and provides the necessary leadership in steering the Group to meet its objectives. It is guided by the Board Charter in discharging its roles and responsibilities.

The diagram below shows the Board's composition and how it is also assisted by three (3) board committees in discharging its roles and responsibilities.

BOARD
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

The Board knows that an appropriate mix of Executive and Independent Non-Executive Directors is important to its role, as it provides the appropriate operational and financial insights to the Group. For this, the Nominating Committee is entrusted to ensure that the required Board balance is achieved through its annual evaluations and new appointments when the need arises.

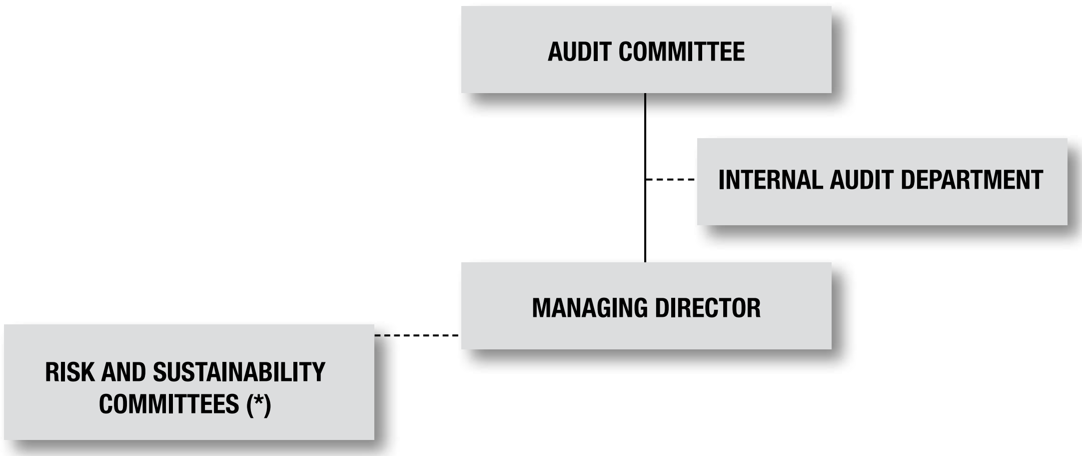
The Remuneration Committee is tasked with ensuring that the remuneration packages of its Board members are competitive and sufficient to retain, motivate and attract the appropriate talents.

Principle B – Effective Audit And Risk Management

An in-house Internal Audit Department (IAD) has been formed to support the Audit Committee (AC) in discharging its responsibilities and to ensure that independence is upheld, the IAD reports directly to the AC. Operating business units have also formed Risk and Sustainability Committees (RSC) to support the Managing Director in discharging his responsibilities.

Risk management and internal audit reviews are carried out based on annually approved plans. Risk management and internal audit reports are presented to the AC for review and deliberation prior to it being reported at Board level.

The Group's Internal Audit and RSC line of reporting is as follows:-



*The overseas hotels managed under the Hilton and Marriott brand names are subjected to their respective Risk Management Approach and coordinated by the key senior management of the Hotels. The AC has relied on the annual letter of assurance on the system of risk management and internal control from the key senior management.

Effective 28 February 2018, Risk Management Committees were renamed as Risk and Sustainability Committees.

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

The AC also assists the Board in overseeing the financial reporting of the Group, ensuring adherence to Financial Reporting Standards, its accuracy, adequateness and completeness. The Board reviews and approves all quarterly, half yearly and yearly results and announcements. Approved announcements are publicly released via Bursa Link on a timely basis to ensure that its stakeholders are kept informed.

The Annual General Meeting is where the Board engages with its shareholders, who are given opportunity to enquire and seek clarification on the operation and financial performance of the Group.

Conclusion

The Board will continue to evaluate the governance practices to ensure that best practices are adopted in view of any changing needs of the Group.

For the extend of the Company's compliance to the CG Code, reference can be made to the Company's CG Report, which is available on the Company's website at http://my.keckseng.com.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

This Statement sets out the manner in which Keck Seng (Malaysia) Berhad and its subsidiaries (collectively referred to as "the Group") has adopted the Principles and Practices of the Malaysian Code on Corporate Governance ("CG Code") and the extend it has applied the Principles and Practices of the CG Code and the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The CG Code is divided into 3 key Principles:

Principle A - Board Leadership And Effectiveness

Principle B - Effective Audit And Risk Management

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

In preparing this Statement, the Board of Directors ("the Board") has considered the manner in which it has applied the Principles and Practices of the CG Code and the extend, to which it has complied to enhance long-term shareholder value and the financial performance of the Group. Reviews are continuously being made to bring in line the Group's practices with the Practices under the CG Code.

PRINCIPLES AND PRACTICES OF THE CG CODE

Principle A. Board Leadership And Effectiveness

I. Board Responsibilities

Practice 1.1
The 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 at http://my.keckseng.com.

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 64 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.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

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

Principle A. Board Leadership And Effectiveness (cont'd)

I. Board Responsibilities (cont'd)

Practice 1.2
The Chairman's role

The Executive Chairman, Mr. Ho Kim Swee @ Ho Kian Guan, with the assistance of the Company Secretary, schedules Board meetings and ensures that the Board receives accurate, timely and clear information, enabling the Board to perform its duties reasonably. During Board meetings, the Executive Chairman encourages constructive relations 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, has provided the Group with strong leadership and guidance, 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.

Practice 1.3
The Chairman and CEO should be separate persons

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 and the Managing Director oversees the Group's operations, policies and strategies adopted by the Board. 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.

Practice 1.4
Supported by a suitably qualified and competent Company Secretary

The Board has direct access to the advice and services of the Company Secretary. The Company Secretary attends all Board meetings and is responsible to ensure that board procedures are adhered to. The Company Secretary also advises 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.

Together with the Board, the Company Secretary ensures compliance with the Companies Act 2016 and all laws and regulations applicable to the Company.

The Board is of the view that the Company Secretary is qualified and competent in discharging her duties and is knowledgeable on the updated Amendments to the LR and the CG Code.

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

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

Principle A. Board Leadership And Effectiveness (cont'd)

I. Board Responsibilities (cont'd)

Practice 1.5
Receiving meeting materials in reasonable time

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 no 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 in a timely manner by the Company Secretary.

In furtherance of their duties, the Board is entitled to seek independent professional advice at the Company's expense as and when necessary 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.

Practice 2.1
Board charter and the responsibilities between board, board committees and management

The Board retains full and effective control of the Group. The Board Charter 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. It also acts as a source of reference and in providing insights to Board members and management.

The Board Charter can be viewed on the Company's website. It consists, among others, the following:

- Board's objectives;
- Board's responsibilities;
- Board's composition;
- Board committees; and
- Board meetings.

The Board had last reviewed and updated its Board and Committees' Charters on 28 February 2016. However, in light of the issuance of the CG Code on 26 April 2017, another round of updates was made to its' Board Charter and relevant Committees' Charters on 28 February 2018. The updated Charters are available for reference on the Company's website.

Apart from the Board's role mentioned under Practice 1.1, the Board also reserves the right to decide for the following matters:

- Approving annual and quarterly results;
- Material acquisitions and disposals in line with any corporate or financial restructuring;
- Material agreements;
- Major capital expenditures or investments;
- Long-term plans; and
- Declaration of dividends and directors' fees.

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

Principle A. Board Leadership And Effectiveness (cont'd)

I. Board Responsibilities (cont'd)

Practice 2.1 (cont'd)
Board charter and the responsibilities between board, board committees and management (cont'd)

To effectively discharge its function and responsibilities, the Board is assisted by three (3) Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee, which operate within defined terms of reference. All terms of reference of the Committees 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 and its outcomes. The Committees' minutes of meetings are presented to the Board for approval and endorsement.

The Board has appointed Mr. Too Hing Yeap @ Too Heng Yip as Senior Independent 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 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.

Practice 3.1
Establish and implement the 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.

Practice 3.2
Establish and implement the whistleblowing policy

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.

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

Principle A. Board Leadership And Effectiveness (cont'd)

II. Board Composition

Practice 4.1
Independent directors

The Board has ten (10) members, of which 6 are non-executive directors and 5 of whom are independent non-executive directors. The Independent Directors form 50% of the Board. This is in line with both the 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 Directors also participate actively during Board meetings and challenge the assumptions and proposals of management unreservedly.

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 director has demonstrated independent mindedness and conduct at board meetings and has been exercising independent judgement in the best interest of the Company, in the discharge of his director's 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 directors is able to exercise independent objective judgement on commercial and corporate governance matters, notwithstanding that two (2) of them have served for more than 9 years on the Board. After careful assessment, the Board and the NC is of the view that the five (5) independent directors remain independent.

Practice 4.2
Tenure of independent directors should not exceed a cumulative tenure of 9 years

The Board has adopted the best practice for assessing the independence of independent directors annually and the tenure of an independent director should not exceed a cumulative term of nine (9) years. 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.

In the last 47th Annual General Meeting, 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 ("INED") of the Company for a cumulative term of more than nine (9) year, to continue to serve as INEDs.

The Board and Nominating Committee (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 Company would need to review its Company's Constitution before proposing any amendments to accommodate the CG Code's prescription of non-large shareholders having a stronger voice on the retention of long-serving Independent Directors through second-tier voting. Until a thorough and comprehensive review of the Constitution is carried out, the Board advocates that the two-tier voting process will not be conducted but it will still seek the shareholders' approval for the re-appointment of YM Tengku Yunus Kamaruddin and Maj-Gen (R) Dato' Muhammad Bin Yunus as Independent Non-Executive Directors of the Company at the forthcoming 48th Annual General Meeting.

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

Principle A. Board Leadership And Effectiveness (cont'd)

II. Board Composition (cont'd)

Practice 4.2 (cont'd)
Tenure of independent directors should not exceed a cumulative tenure of 9 years (cont'd)

The Board and the NC are confident that both YM Tengku Yunus Kamaruddin and Maj-Gen (R) Dato' Muhammad Bin Yunus have maintained their independence based on the following criteria:

- 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 makes 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, both YM Tengku Yunus Kamaruddin and Maj-Gen (R) Dato' Muhammad Bin Yunus:
  - ➢ have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the 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.

Practice 4.4
Diversity in board and senior management appointment
Practice 4.5
Gender 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 Nominating Committee (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 10 board members, out of which six (6) are non-executive 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 and Company. They also bring informed, independent and balanced perspective to the Group's strategy and performance so as to ensure that the Group and Company maintains the highest standards of conduct and integrity. Five (5) out of these six (6) non-executive directors are independent of management and free from any business or other relationship which could interfere with their independent judgement.

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

Principle A. Board Leadership And Effectiveness (cont'd)

II. Board Composition (cont'd)

Practice 4.4 (cont'd)
Diversity in board and senior management appointment (cont'd)
Practice 4.5 (cont'd)
Gender diversity (cont'd)

The following is a list of the Directors' skills and core-competencies:

- Leadership and Business Management
- Legal
- Accounting and Financial Management
- Internal Controls, Risk Management and Corporate Governance
- Corporate Administrative, Planning and Management
- Banking
- Audit Assurance, Financial & Corporate Advisory
- International Relations

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

Ms. Lee Huee Nan @ Lee Hwee Leng is currently the only female director on the Board. However, the Board is mindful of the recommendation in Practice 4.5 of the CG Code on gender diversity. Thus, to achieve the right balance of diversity on the Board, the Board will through the NC 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.

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

Principle A. Board Leadership And Effectiveness (cont'd)

II. Board Composition (cont'd)

Practice 4.6
Independent sources to identify suitably qualified board candidates
Practice 4.7
Independent or Senior Independent Director as Nominating Committee Chairman
Practice 5.1
Formal and objective annual assessment of the Board

The Nominating Committee ("NC") comprises of five (5) Independent Non-Executive Directors and the Chairman of the NC is Mr. Too Hing Yeap @ Too Heng Yip, Senior Independent Non-Executive Director. The NC members and their attendance details are as follows:

Members	No of Meetings Attended
Mr. Too Hing Yeap @ Too Heng Yip *Senior Independent Non-Executive Director (Chairman)*	2 out of 2
Maj-Gen (R) Dato' Muhammad Bin Yunus *Independent Non-Executive Director*	2 out of 2
YM Tengku Yunus Kamaruddin *Independent Non-Executive Director*	2 out of 2
Mr. Tai Lam Shin *Independent Non-Executive Director*	2 out of 2
Encik Mahathir Bin Mohamed Ismail *Independent Non-Executive Director*	2 out of 2

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:

- Identification of candidates;
- Evaluation of suitability of candidates;
- Meeting up with the candidates;
- Final deliberation by the NC; and
- Recommendation to the Board.

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

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

Principle A. Board Leadership And Effectiveness (cont'd)

II. Board Composition (cont'd)

Practice 4.6 (cont'd)
Independent sources to identify suitably qualified board candidates (cont'd)
Practice 4.7 (cont'd)
Independent or Senior Independent Director as Nominating Committee Chairman (cont'd)
Practice 5.1 (cont'd)
Formal and objective annual assessment of the Board (cont'd)

The NC's main duties and responsibilities are to:

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

- annually review and assess the performance of non-executive directors; based on skills, experiences and core-competencies, save and except where such review and assessment is 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 be briefed on the Group's business. This will be supplemented by proposed 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 17 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 2017, five (5) meetings were held. The Group's financial statements and financial performance are deliberated and considered on a quarterly basis. During these meetings, the Board may also appraise new investment and business proposals, review the management or performances of the operating units or existing investment and any other strategic issues that affect or may affect the Group's business. Additional meetings are held as and when required. The Board and its Committees are furnished with full and timely information to enable them to discharge their responsibilities.

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

Principle A. Board Leadership And Effectiveness (cont'd)

II. Board Composition (cont'd)

Practice 4.6 (cont'd)
Independent sources to identify suitably qualified board candidates (cont'd)
Practice 4.7 (cont'd)
Independent or Senior Independent Director as Nominating Committee Chairman (cont'd)
Practice 5.1 (cont'd)
Formal and objective annual assessment of the Board (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	5 out of 5
Dato' Ho Cheng Chong @ Ho Kian Hock (Alternate Director: Ho Chung Kain [He ChongJing])	5 out of 5
Ho Eng Chong @ Ho Kian Cheong	5 out of 5
Lee Huee Nan @ Lee Hwee Leng (f) (Alternate Director: Ho Chung Hui)	5 out of 5
Chan Lui Ming Ivan (Alternate Director: Ho Chung Tao)	5 out of 5
Too Hing Yeap @ Too Heng Yip	5 out of 5
YM Tengku Yunus Kamaruddin	4 out of 5
Maj-Gen (R) Dato' Muhammad Bin Yunus	5 out of 5
Tai Lam Shin	5 out of 5
Mahathir Bin Mohamed Ismail	5 out of 5

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. During the financial year, the various in-house and external training programmes, forums and briefings including updates on the Companies Act 2016 attended by the Directors are as follows:

All Directors have attended the Directors' Mandatory Accreditation Program organised by Bursa Securities.

Members	Training Programmes	Dates
Ho Kim Swee @ Ho Kian Guan	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Companies Act 2016	30.05.2017
Dato' Ho Cheng Chong @ Ho Kian Hock (Alternate Director: Ho Chung Kain [He ChongJing])	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Companies Act 2016	30.05.2017
Ho Eng Chong @ Ho Kian Cheong	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Companies Act 2016	30.05.2017

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

Principle A. Board Leadership And Effectiveness (cont'd)

II. Board Composition (cont'd)

Practice 4.6 (cont'd)
Independent sources to identify suitably qualified board candidates (cont'd)
Practice 4.7 (cont'd)
Independent or Senior Independent Director as Nominating Committee Chairman (cont'd)
Practice 5.1 (cont'd)
Formal and objective annual assessment of the Board (cont'd)

Members	Training Programmes	Dates
Lee Huee Nan @ Lee Hwee Leng (f) (Alternate Director: Ho Chung Hui)	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Companies Act 2016	30.05.2017
Chan Lui Ming Ivan (Alternate Director: Ho Chung Tao)	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Companies Act 2016	30.05.2017
Too Hing Yeap @ Too Heng Yip	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Companies Act 2016	30.05.2017
YM Tengku Yunus Kamaruddin	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Companies Act 2016	30.05.2017
Maj-Gen (R) Dato' Muhammad Bin Yunus	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Companies Act 2016	30.05.2017
Tai Lam Shin	GST Seminar for Property Developers	14.02.2017
	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Have you complied with the Companies Act 2016? – Major Revamps & Regulation Updates with Guide on Practical Compliance Procedures	15.05.2017
	Companies Act 2016	30.05.2017
	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers	31.10.2017
	2017 Business and Tax Seminar	14.11.2017
	2018 Budget Seminar: Updates and Insights for Corporate Accountants	15.11.2017

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

Principle A. Board Leadership And Effectiveness (cont'd)

II. Board Composition (cont'd)

Practice 4.6 (cont'd)
Independent sources to identify suitably qualified board candidates (cont'd)
Practice 4.7 (cont'd)
Independent or Senior Independent Director as Nominating Committee Chairman (cont'd)
Practice 5.1 (cont'd)
Formal and objective annual assessment of the Board (cont'd)

Members	Training Programmes	Dates
Mahathir Bin Mohamed Ismail	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Sustainability Engagement Series for Directors/ Chief Executive Officer	13.03.2017
	Companies Act 2016	30.05.2017
	CG Breakfast Series with Directors: Integrating an Innovation Mindset with Effective Governance	07.11.2017
Ho Chung Kain (He ChongJing)	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Companies Act 2016	30.05.2017
Ho Chung Hui	Management Discussion and Analysis Statement and Business Sustainability	28.02.2017
	Companies Act 2016	30.05.2017
Ho Chung Tao	Companies Act 2016	30.05.2017

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 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 and at least once in every three (3) years; and
- Section 205(3)(b) 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 at the conclusion of the forthcoming 48th AGM in 2018.

Summary of work for the financial year

During the financial year ended 31 December 2017, 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 Terms of Reference of the Committees.
- Conducted an annual assessment and evaluation process that comprises performance, independence and peer evaluations of the:
  - ➢ Directors individually; and
  - ➢ Board Committees and the Board collectively.

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

Principle A. Board Leadership And Effectiveness (cont'd)

II. Board Composition (cont'd)

Practice 4.6 (cont'd)
Independent sources to identify suitably qualified board candidates (cont'd)
Practice 4.7 (cont'd)
Independent or Senior Independent Director as Nominating Committee Chairman (cont'd)
Practice 5.1 (cont'd)
Formal and objective annual assessment of the Board (cont'd)

Summary of work for the financial year (cont'd)

- Obtained from each Independent Non-Executive Director an annual independence declaration.

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, there were no changes to the composition of the Board.

III. Remuneration

Practice 6.1
Policies and procedures to determine the remuneration of directors and senior management
Practice 6.2
Remuneration committee to implement remuneration policies and procedures

The Company is currently in the process of formalising the remuneration policies and procedures of its Directors and Senior Management.

With regard to Practice 6.2 of the CG Code, where members of the Remuneration Committee ("RC") should only consist of non-executive directors and a majority of them must be independent directors, Dato' Ho Cheng Chong @ Ho Kian Hock, has resigned as a member of the RC effective 1 March 2018 and is duly replaced by Encik Mahathir Bin Mohamed Ismail.

The RC now comprises five (5) Independent Non-Executive Directors.

The RC members and their attendance details are as follows:

Members	No of Meeting Attended
Maj-Gen (R) Dato' Muhammad Bin Yunus *Independent Non-Executive Director (Chairman)*	1 out of 1
YM Tengku Yunus Kamaruddin *Independent Non-Executive Director*	1 out of 1
Mr. Too Hing Yeap @ Too Heng Yip *Independent Non-Executive Director*	1 out of 1
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*	1 out of 1
Encik Mahathir Bin Mohamed Ismail (appointed on 1 March 2018) *Independent Non-Executive Director*	Not Applicable

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

Principle A. Board Leadership And Effectiveness (cont'd)

III. Remuneration (cont'd)

Practice 6.1 (cont'd)
Policies and procedures to determine the remuneration of directors and senior management (cont'd)
Practice 6.2 (cont'd)
Remuneration committee to implement remuneration policies and procedures (cont'd)

Summary of work for the financial year

The RC's main activities for the financial year ended 31 December 2017 were as follows:

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

The review of the Directors' remuneration package structure is to ensure that the structure is 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 review and is under the purview of the Managing Director.

When reviewing the Directors' fee structure, the RC will take into consideration the Directors' roles and responsibilities. Comparison will also be made to current market practices.

The Executive Directors' and key 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").

The level of remuneration for non-executive directors reflects their experience and level of responsibility undertaken by them. Non-executive directors will receive a fixed fee with additional fees if they also members of the Board Committees, with the Chairman of the Committees receiving a higher fee with respect of his services as Chairman of the respective Committees.

Practice 7.1
Remuneration of directors
Practice 7.2
Remuneration of top five senior management

All directors' fees are determined by the Board and approved by the Shareholders at the Annual General Meeting. The Company believes that, given the sensitivity nature of remuneration, the disclosure of remuneration on a named basis of each director is not advantageous to the Company.

The details of the remuneration for the directors of the Company are as follows:

The Group

	Salaries RM'000	Fees RM'000	Bonus, Incentives & Others RM'000	BIK RM'000	Total 2017 RM'000	Total 2016 RM'000
Executive	6,372	338	850	28	**7,588**	9,209
Non-Executive	-	555	79	-	**634**	550
Total	6,372	893	929	28	**8,222**	9,759

The Company

	Salaries RM'000	Fees RM'000	Bonus, Incentives & Others RM'000	BIK RM'000	Total 2017 RM'000	Total 2016 RM'000
Executive	5,141	280	842	28	**6,291**	7,972
Non-Executive	-	555	79	-	**634**	555
Total	5,141	835	921	28	**6,925**	8,527

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

Principle A. Board Leadership And Effectiveness (cont'd)

III. Remuneration (cont'd)

Practice 7.1 (cont'd)
Remuneration of directors (cont'd)
Practice 7.2 (cont'd)
Remuneration of top five senior management (cont'd)

Number of Directors whose remuneration fall into the following bands:-

Remuneration Band	Executive	Non-Executive
RM0 to RM50,000	-	1
RM50,001 to RM100,000	-	2
RM100,001 to RM150,000	-	4
RM150,001 to RM550,000	-	-
RM550,001 to RM600,000	1	-
RM600,001 to RM650,000	-	-
RM650,001 to RM700,000	2	-
RM700,001 to RM750,000	1	-
RM750,001 to RM1,450,000	-	-
RM1,450,001 to RM1,500,000	1	-
RM1,500,001 to RM3,450,000	-	-
RM3,450,001 to RM3,500,000	1	-

The top five (5) key senior management whose remuneration fall into the following bands are:-

Remuneration Band	No. of Pax
RM0 to RM400,000	-
RM400,001 to RM450,000	1
RM450,001 to RM500,000	1
RM500,001 to RM600,000	-
RM600,001 to RM650,000	1
RM650,001 to RM700,000	2
Total	**5**

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

Principle B. Effective Audit And Risk Management

I. Audit Committee

Practice 8.1
Chairman of the Audit Committee is not the Chairman of the board

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

Practice 8.2
Cooling-off period for appointment of key audit partner as an Audit Committee member

To avoid any conflict of interest and independence issues, the Nominating Committee 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 Audit Committee member was a former key audit partner of the Company's existing auditing firm or corporation.

Practice 8.3
Assess the suitability, objectivity and independence of the external auditor

The Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the applicable 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.

Practice 8.4
Comprising solely of Independent Directors

AC members comprise solely Independent Non-Executive Directors.

Practice 8.5
Financial and business literacy among all the Audit Committee members

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 found on pages 36 to 38 of this Annual Report.

Details of the AC members' biography are set out on pages 9 to 17 under Directors' Profile and the Audit Committees' summary of work for the financial year are found on pages 46 to 50 under the Audit Committee Report.

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

Principle B. Effective Audit And Risk Management

I. Audit Committee (cont'd)

Practice 8.5 (cont'd)
Financial and business literacy among all the Audit Committee members (cont'd)

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 2017 and of the financial performance and cash flows of the Group and the Company for the financial year.

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, half yearly and annual 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. However, such system can only provide reasonable assurance and not absolute assurance against material misstatements, frauds and losses.

II. Risk Management And Internal Control Framework

Practice 9.1
Establish an effective risk management and internal control framework
Practice 9.2
Features, adequacy and effectiveness of the risk management and internal control framework
Practice 9.3
Establishing a risk management committee which comprises a majority of independent directors

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 undertakes the Risk Management Committee's role at board level. 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 2017 are separately set out on pages 46 to 50 under the Audit Committee Report.

Risk and Sustainability Committees* ("RSC") are established for key business units to assist the Managing Director in ensuring that risk 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 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.

* Effective 28 February 2018, Risk Management Committees were renamed as Risk and Sustainability Committees.

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 (cont'd)

Practice 10.1 and 10.2
Independent internal audit department and 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 appointment, resignation and dismissal of the Head of the Internal Audit is under the purview of the Audit Committee. The Internal Audit Department ("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 2017 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

Practice 11.1
Effective, transparent and regular communication 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 www.bursamalaysia.com and is linked to Bursa Securities via the Company's website at http://my.keckseng.com.

II. Conduct Of General Meetings

Practice 12.1
At least 28 days of notice for an Annual General Meeting
Practice 12.2
Directors attending General Meetings
Practice 12.3
Leveraging on technology

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 2017 and the Notice of AGM was sent to the shareholders on 27 April 2017. 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 responses to questions from 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.

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 (cont'd)

Practice 12.1 (cont'd)
At least 28 days of notice for an Annual General Meeting (cont'd)
Practice 12.2 (cont'd)
Directors attending General Meetings (cont'd)
Practice 12.3 (cont'd)
Leveraging on technology (cont'd)

During the Company's 47th 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; and

- Paragraph 8.29(A)(1) of Bursa Securities' LR, which states that all resolutions are poll voted (^).

- 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 there are no remote meeting locations and due to past shareholders' turnout trend.

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 2017. 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

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

Audit And Non-Audit Fees

Details of the audit and non-audit fees for services rendered by the external auditors to the Group and Company for the financial year are disclosed in page 47 of the Audit Committee Report and Note 7 of the Financial Statements on page 103 of this Annual Report.

Material Contracts

There were no material contracts of the Company and its subsidiaries involving the interests of the directors and major shareholders.

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 page 135 of this Annual Report.

MEMBERSHIP AND MEETINGS

Membership

The Audit Committee is appointed by the Board of Directors ("the Board") from amongst the Non-Executive Directors and shall consist of no less than three (3) members. All Audit Committee members must 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 17 under Directors' Profile.

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

The members of the Committee shall elect a Chairman from among their number who shall be an Independent Director.

The terms of office and performance for each of the committee members will be reviewed annually by the Nominating Committee.

Meetings

Six (6) meetings were held during the financial year ended 31 December 2017.

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 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)*	6 out of 6
Maj-Gen (R) Dato' Muhammad Bin Yunus *Independent Non-Executive Director*	6 out of 6
YM Tengku Yunus Kamaruddin *Independent Non-Executive Director*	5 out of 6
Mr. Tai Lam Shin *Independent Non-Executive Director*	6 out of 6
Encik Mahathir Bin Mohamed Ismail *Independent Non-Executive Director*	6 out of 6

MEMBERSHIP AND MEETINGS (cont'd)

Meetings (cont'd)

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

A resolution in writing, signed or approved by a majority of the Committee and who forms the quorum, shall be as valid and effectual as if it has been passed at a Committee's meeting duly called and constituted.

Terms of Reference

The Audit Committee's Terms of Reference 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 was undertaken by the Board for the financial year ended 31 December 2017. The Audit Committee was assessed for overall effectiveness and quality, internal and external audits, 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 terms of reference.

SUMMARY OF WORK FOR THE FINANCIAL YEAR

The main work carried out by the Audit Committee during the financial year 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 2017 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 of Risk Management and Internal Control for inclusion in the Company's Annual Report;
- 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 2017 were as follows:

	Audit Fee RM'000	**Non-Audit Fee RM'000**
The Company	117	15
The Group	*1,484	**628

* *includes audit fees amounting to RM1,240,000 paid to other auditors of subsidiaries in Singapore, Canada, Hong Kong and United States of America.*

** *includes non-audit fees amounting to RM613,000 paid to other auditors of subsidiaries in Canada and United States of America.*

AUDIT COMMITTEE REPORT [Cont'd]

SUMMARY OF WORK 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 2017, the Audit Committee met with the External Auditors twice (2) without the presence of Management, to review key issues within their sphere of coverage and responsibility. It is noted that there were no major issues highlighted and they have informed that the Management and staff had given them full cooperation during the year end 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 auditors of the Company.

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.

A resolution for their re-appointment and audit fee proposal will be tabled for approval at the forthcoming Annual General Meeting.

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;
- Reviewed the audit reports presented by the Internal Audit Department 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 Internal Audit Department in assuring that the mechanisms for corporate accountability are in place and functioning.

3. Risk Management

- Reviewed the Risk Management 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 WORK 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 them 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 Statement on Corporate Governance, Statement on Risk Management and Internal Control and Sustainability Statement.

6. Related Party Transactions

- Reviewed the draft Circular to Shareholders in relation to the following exercise and recommended for Board's approval:

  ➢ Proposed Renewal of Shareholders' Mandate for Proposed Shares Buy-Back by the Company; and

  ➢ Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and Trading Nature.

7. Other Matters

- Reviewed and proposed to the Board for adoption policies on Strategic Vision, Commitment and Core Values, Code Of Conduct, Whistleblowing, Shareholders' and Other Stakeholders' Communication and Corporate Disclosure.

TRAINING

During the financial year, all the Audit Committee members attended various seminars, training programmes and briefings. Details of these are available on page 36 to 38 of this Annual Report.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an independent and adequately resourced in-house Internal Audit Department ("IAD"). The Committee is aware of the fact that an independent and adequately resourced internal audit department is essential in assisting to obtain the assurance it requires regarding the effectiveness of the system of internal control.

The IAD consist of five (5) associates and is headed by Ms. Suenitha Chupaya. The qualification level of the IAD associates at the end of the financial year ended 31 December 2017 consist of 3 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.

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, twenty six (26) Internal Audit Reports were presented to the Audit Committee.

Work carried out covered:

- Operational and financial reviews; and
- Special reviews based on request by the Audit Committee and/or Management.

The following segments were covered:

Segment	No. Of Reports
Manufacturing	3
Hotels and Resort	6
Property Development and Investment	8
Plantations	4
Share Investment	4
Others	1
Total	**26**

The IAD met up with the external auditors without the presence of the Board or Management on 22 November 2017, 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 2017, the Internal Audit Function incurred a total cost of RM572,000. It includes all costs and expenses inclusive of depreciation for the operation of the IAD.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

THE BOARD'S COMMITMENT

The Board acknowledges that it is 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; and
- 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.

Board Committee

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

Internal Audit Department

The Internal Audit Department ("IAD") is governed by its Internal Audit Charter. The IAD performs audit on various operating business units based on its annual audit plan approved by the Audit Committee. 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 Management Committees ("RMC") were established for key business units to assist the Managing Director in performing regular risk management assessment. The key roles of RMC are:

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

In December 2017, the RMC were tasked to identify, report and monitor the respective business units' material sustainability (economic, environmental and social [EES]) matters. Effective 28 February 2018, RMC were renamed as Risk and Sustainability Committees ("RSC").

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 system. 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 2017, ten (10) risk management reports have been tabled before the Audit Committee and the Board for deliberation. The risk management 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 – Competitors resulting in loss in market share, shifts in market and consumer trends.
- Operational Risks – Manpower, environmental, safety and health, source of supplies, security and compliance with regulatory requirements.
- Hazard Risks – Fire, accidents, natural disasters and pandemic.
- Financial Risks – Interest rates, foreign currency, liquidity, credit exposure and market price (the Group and Company's financial risk management objectives and policies are set out on pages 139 to 147 of this Annual Report.

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 strengthen 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 2017 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 2017 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 6 April 2018.

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE AND SCOPE

The Board acknowledges that no one organization is the same, therefore sustainability governance cannot be applied universally. After considering the Group's culture, needs, size, diversity of business activities and maturity in responding to sustainability matters, the Board has decided to adopt a governance structure similar to its current risk management governance structure. The Material Sustainability Matters (MSM) identified by the respective Risk and Sustainability Committees* will be presented to the Audit Committee and Board for review and deliberation.

The Board has set its sustainability scope to be based on organizational boundary, grouping its operating business units into four (4) major business segments, namely Plantations, Manufacturing, Hotels & Resort and Property Development & Investment. Its focus is on identifying key MSM for all operating business units under these four (4) business segments and does not include subsidiary companies/ divisions whose principal activities are share investment holding. 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 and thus, are excluded. Based on the 2016's Group audited results, the external revenue generated by the four (4) business segments account for 99% of the Group's total external revenue. There have been no changes to the Group's business segments during the reporting period.

* Effective 28 February 2018, Risk Management Committees were renamed as Risk and Sustainability Committees.

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. The Group continues to seek improvement in accountability, business sustainability, employee wellness and professional development, health and safety, community responsibility and environmental matters.

During the financial year ended 31 December 2017, the Group's key material sustainability matters identified for the respective 4 business segments are listed below:

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. The COC is accessible to all via our Company's website.

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

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), Code of Practice by Malaysian Palm Oil Board (MPOB), Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practice (GMP), ISO: 9001: 2015, Kosher and Halal certifications.

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 are committed towards the protection of our plantations' slopes and the rivers that flow through them. The Plantations' sustainability efforts are emphasized as follows:

Soil Protection

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.

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

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.

High Conservation Value Areas

Identifying High Conservation Value areas (HCVs) surrounding Keck Seng's plantations is done through a 'HCV assessment' by a recognised accredited Consultant viz. Wild Asia. HCV assessment exercise includes stakeholder consultations, analysis of existing information and the collection of additional information where necessary. 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.

Buffer zone at Lim & Lim Estate's water stream

HCV Area – Lian Huap Estate

ENVIRONMENTAL (cont'd)

Pest Control Management

The basic aim of Integrated Pest Management (IPM) is to ensure 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.

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.

IPM Strategies

Detailed procedures in implementing an IPM are explained for each pest and its strategies. Generally, the procedures for IPM implementation consist of 3 operational components.

1. Prevention - Habitat Management
   a. Cultural practice.
   b. Preservation of beneficial plants e.g. Turnera, Antiganon & Cassia.
   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 – Antigonan leptopus 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.
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.
      - Chemical control recommended for oil palm pests and diseases.

ENVIRONMENTAL (cont'd)

Pest Control Management (cont'd)

3. Control measures (cont'd)

   b. Biological control.

      - Use of biological insecticides.

      - Conservation of natural enemies - parasitoids, predator etc.

      - Rat control using Barn Owl as biological control. Barn owl census on periodic basis in September/October each year.

   c. Physical control.

      - Hand collection of larvae or adults of the pest.

      - Trapping - e.g. rat cage and pheromone trap.

Barn Owl Nest Box in Lian Huap Estate

<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.

Waste, Effluent and Emission Management

Plantations

The zero-burning policy adopted by our plantations helps to prevent emission of smoke, particles and toxic gases into our environment. Regular patrols are carried out during the hot season and our workers are briefed to stay alert for fires.

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 and vitamin extraction plant. 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 to comply with the requirements of the relevant authority.

ENVIRONMENTAL (cont'd)

Waste, Effluent and Emission Management (cont'd)

Hotels and Resort

As waste management is an effective measure of resource stewardship, our hotels and resort are actively engaged in reuse, recycling and reprocessing. The properties recycle as much as possible and their efforts may include one or more of the followings:

- where possible, extend the life of the furniture e.g. through upholstery.
- monitor employee lunches and dinners to control overages.
- recycle used computer paper for office use.
- 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.

The hotels' "waste diversion rate to recycling" ranged from 12% to 40% in 2017.

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.

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 their washers and chillers replaced and had commenced in modernising its elevator system.
- Resetting of room temperature and maintaining only the entry door light for unoccupied hotel rooms.
- 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.

ENVIRONMENTAL (cont'd)

Energy and Water Management (cont'd)

Hotels and Resort (cont'd)

- 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 and decrease elevator usage.

- 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.

Our hotel in Hawaii benchmarked their energy and water consumption against the energy and water reduction goals suggested by Hilton Sustainability Portal "Lightstay". Whilst in late 2017, our hotels in New York and Toronto have begun to participate in Marriott's new sustainability program called "Marriott Environmental Sustainability Hub" (MESH) program. Since the MESH program is at its infancy stage, there were no specific goals set in 2017 for the New York and Toronto hotels.

Other than a 6% increase in energy consumption by our New York hotel, which was the result of a need to reset the water temperature of the hotel's hot water loop, the other hotels' and resort's energy rates have shown improvement in 2017 dropping between 3% to 12%. Water consumption in our resort showed a 9% increase due to an increase in occupancy headcount and the occurrence of a leak. Water consumption for the New York hotel was up by 12%. The increase is due to new City by-laws for cooling tower treatment program to prevent legionnaires disease outbreak, an increase in multiple occupancy rooms and a malfunctioned valve which resulted from a fire pump testing exercise. Repairs have since been carried out on the defects. Our other hotels' water consumption for 2017 showed savings of between 4% to 29%.

For 2018, Tanjong Puteri Golf Resort Berhad has set its energy and water reduction goal at 10% and the hotel in Toronto is targeting to replace its remaining 5% lighting with LED lamps and two roof top units with high efficiency lights.

Property Investment

The energy source used by our two properties in Kuala Lumpur are 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.

During the financial year ended 31 December 2017, our residential property had commenced modernising its elevator system which is targeted to be completed in 2018. It had also performed water proofing repairs on its swimming pool. As a result of the shutdown on the lifts and pool pumps, energy consumption dropped by around 7% in 2017. With the completion of the modernisation project, we foresee savings on our future energy consumption.

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 landscaping irrigation, cleaning of common areas and faster response in repair works have been practiced.

However, even with such saving initiatives, water consumption had increased by about 7% for its residential property as it had to undergo repairs to its swimming pool. The pool had to be emptied and refilled for this purpose.

Our commercial property's energy consumption for 2017 is in tandem with its occupancy rates, however its water usage had decreased by approximately 27% in 2017 as compared to 2016 because in 2016 washroom renovations were carried out.

SUSTAINABILITY STATEMENT (Cont'd)

ENVIRONMENTAL (cont'd)

Product responsibility (Environmental & Social)

Property Development

Keck Seng (Malaysia) Berhad's Property Division strives to embed measures and considerations to enhance environmental sustainability in its property development projects. Its sustainable commitments involved:

- making enhancements to water detention ponds' designs and incorporating duality function features i.e. functioning during both wet and dry seasons.

- properly consider and select suitable land within our current property development site for allocation as playgrounds and a nature park. Playgrounds and parks encourage and promote wellness among our property residents and surrounding communities. The proposed nature park located at our Bandar Baru Kangkar Pulai (BBKP) development will be designed and planned to ensure that there will be minimum damaged to the surrounding biodiversity. The primary aim is to maintain the current natural hilly terrain, undergo only minimal earthworks, ensure siltation and erosion are minimised. Considerations are also made for appropriate replacement and reforestation of existing flora and environmental features.

SOCIAL

Our Employees

Diversity

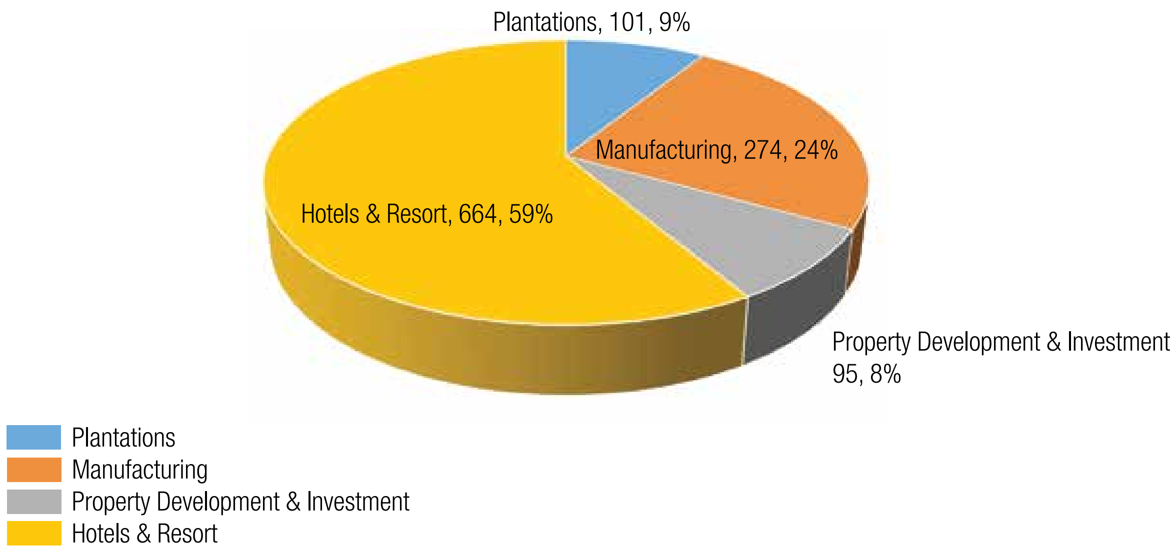
Management believes that an organisation is as good as its people. Our employees form the backbone of our success. We are committed to diversity in our work place, striving to create a balanced and inclusive working environment, prioritising people development and promoting a well-balanced work life. Many of our employees have been with the Group for more than 10 years. These employees have chosen to contribute and grow with us. As at 31 December 2017, we have a total of 1,134 employees and 251 contract workers engaged across our 4 business segments.

Presented below is an analysis of our manpower as at 31 December 2017 (excluding contract workers):-

Manpower Analysis

By Business Segments:

Manpower Analysis By Business Segments 2017
(Headcount, Percentage %)



SOCIAL (cont'd)

Manpower Analysis (cont'd)

Gender:	Headcount	%
Male	768	68
Female	366	32
	1,134	100

Age Range:	Headcount	%
18-30	331	29
31-50	537	47
51-70	260	23
>70	6	1
	1,134	100

Educational Qualification:	Headcount	%
Degree & equivalent	171	15
Diploma & equivalent	161	14
"O" / "A" levels & equivalent	165	15
Secondary level & lower	414	37
Vocational & trade certificates	173	15
	1,084*	96

*The educational qualification of our employees in New York are not included and disclosed in the above analysis due to certain privacy laws.

Nationality:	Headcount	%
Malaysian	654	58
Singaporean/PR	6	1
American	153	13
Canadian	243	21
Others	78	7
	1,134	100

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.

Staffs' Family Day – 16 September 2017

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (cont'd)

Tutoring Session Conducted At Our Plantation Club House

Professional Development and Education

We encourage and support employees in the quest for lifelong learning. Employees are encouraged to attend internal, external courses, seminars and workshops on technical updates, laws and regulations update, productivity, quality control, safety and health, information technology, management and leadership skills upgrading as part of their ongoing skills and competency training.

The Group believes that education provides the foundation for a lasting social and economic progress. We therefore motivate children of employees who excelled in academic performance by giving them cash rewards. For this financial year, 26 well deserving children benefited from this scheme.

We have employed teachers to tutor the primary school-going children of our plantations and manufacturing divisions' employees. Weekly English and Mathematics tutoring sessions are conducted in the Plantation club house.

Safety and Health

Our code of conduct guides us in improving the working environment, safety and health of our employees.

Our employees are provided with a safe and healthy working environment especially for non-office based environments. 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 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.

During the year, our plantations and manufacturing division co-organised the following activities to safeguard the wellness of our employees:

- Gotong-royong campaign to eradicate and prevent Aedes mosquito breeding in our labour and staff quarters.

- Health day campaign, which incorporates a blood donation drive, a talk on dengue and hygiene, health screening and a health themed kids colouring contest. This campaign was held with the cooperation of the local municipal council, Majlis Perbandaran Pasir Gudang and the district health office, Pejabat Kesihatan Daerah Johor Bahru.

Gotong Royong Campaign – 10 September 2017

Health Day Campaign – 30 December 2017

SOCIAL (cont'd)

Human and Labour Rights

Keck Seng (Malaysia) Berhad recognizes that people are the priority of development. Ensuring our people and other stakeholders' success in their career, 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.
- Never engage in forced or child (less than 16 years old) labour.
- To engage in fair remuneration practices.
- To ensure all applicable labour laws, rules and regulations are complied with in the countries in which we operate.

Our Community

Education

The Group supports education by providing opportunities for undergraduates of institute of higher learning to undergo their industrial training and internship. The interns are given on the job training of between 1 to 6 months in areas such as factory operations, laboratory, administration, hospitality services and culinary skills.

During the financial year, our plantations division had:

1. hosted a site visit for students from SMK Pasir Gudang 1, a local secondary school. The purpose of the visit was to increase the students' exposure to the oil palm plantation industry; and
2. donated 6 units of 43" LED Televisions to another local school in Kong Kong, Masai. This donation was made with the intent to increase the school's technical resources and allow for a different media of delivering daily lessons.

Student Site Visit – 22 February 2017

SOCIAL (cont'd)

Our Community (cont'd)

Community Service and Projects

We encourage our business units to develop their own community activities or participate in initiatives that will strengthen community growth and welfare. In this aspect, we have supported the local community by contributing to religious projects and events, cultural festivals, recreational and charitable organisations such as retirement homes, orphanages and shelters for single mothers. Financial aid was also given to 30 underprivileged families in 2017.

During 2017, our overseas hotels have participated in social and charity drives conducted by civic and other organisations. These activities include donating to the Children's Miracle Network, a children's hospital charity, 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.

Our property division, where appropriate in its respective development undertake improvements and enhancements of surrounding communities' existing facilities and features. In 2017, our property division made improvements and upgraded a downstream earth stream which is located beyond our BBKP development project. The straightening and widening of the stream allows for larger volumes of rain water to be discharged easily and smoothly. By this, flooding incidences in the surrounding areas have been minimized tremendously. The property division further continued to undertake and assist the Local Council to maintain the improved drain for a period of 12 months.

A tree planting campaign was also held by our plantations division in collaboration with the Southern Johor Forestry Department and the undergraduates from University of Tun Hussein Onn.

Tree Planting Campaign – 9 November 2017

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 safety officers. These safety officers are required to conduct regular inspections and safety audits at both job sites and workers' quarters. Regular meetings are held between the safety officers and the sub-contractors and lead workers to ensure that safety plans and requirements are carried out accordingly. Periodic checks are conducted off and on-site including fogging activities.

In 2017, no major accidents or incidents occurred that had a negative impact on the current project development progress.

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 2017.

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 17 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) net of tax	23,023	(50,870)
Profit/(Loss) net of tax attributable to:		
Owners of the parent	22,858	(50,870)
Non-controlling interests	165	-
	23,023	(50,870)

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 2016 were as follows:

	RM'000
In respect of the financial year ended 31 December 2016 as reported in the directors' report of that year:	
Single tier final ordinary dividend of 6 sen per share on 359,354,000 ordinary shares, declared on 30 May 2017 and paid on 17 July 2017	21,561
In respect of the financial year ended 31 December 2017:	
Single tier first interim ordinary dividend of 4 sen per share on 359,354,000 ordinary shares, declared on 30 August 2017 and paid on 22 November 2017	14,374
	35,935

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 December 2017, of 6 sen per share on 359,313,000 ordinary shares, amounting to a total dividend payable of RM21,559,000 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 2018.

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)

**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
Dato' Abdul Rahim Bin Ramli
Kang Tai Peng
Lim Pang Loong (ceased to be an alternate director to Dato' Ho Cheng Chong @ Ho Kian Hock on 20 November 2017)
Chua Ngeun Seong
Chung Yet Yong
Tea Hing San
Gan Kim Buan
Tse See Fan Paul
Peter Wong
Evelyn Chow Yuet Chu
Cheah Siu Hoe

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 35 to the financial statements.

DIRECTORS' REPORT (Cont'd)

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	**1.1.2017**	**Acquired**	**Sold**	**31.12.2017**
Ho Kim Swee @ Ho Kian Guan				
- direct interest	24,395,538	-	-	24,395,538
- indirect interest	87,370,073	11,000,000	-	98,370,073
Dato' Ho Cheng Chong @ Ho Kian Hock				
- direct interest	24,898,087	-	-	24,898,087
- indirect interest	87,370,073	11,000,000	-	98,370,073
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
- indirect interest	13,061,434	-	-	13,061,434
Ho Chung Kain (He ChongJing)				
- direct interest	179,000	83,800	-	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 50,000 of its issued ordinary shares from the open market at an average price of RM4.71 per share. The total consideration paid for the repurchase including transaction costs was RM235,406. The shares repurchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

As at 31 December 2017, the Company held as treasury shares a total of 2,164,000 of its 361,477,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM7,013,000 and further relevant details are disclosed in Note 31(d) to the financial statements.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors :

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

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

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 40 to the financial statements.

AUDITORS

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

Auditors' remuneration are disclosed in Note 7 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 April 2018.

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 74 to 153 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 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 6 April 2018.

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 74 to 153 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)
Darul Ta'zim on 6 April 2018.)

Reuson Seet
(MIA 15467)

Before me,
Commissioner of Oath
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 2017 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 74 to 153.

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 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 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(e) 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 RM382.40 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 2.28 and 4 to the financial statements)

Revenue from the sale of oil palm produce represents 70% and 88% 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.

Impairment assessment of investment in a subsidiary
(Refer to Notes 3.2(f) and 17 to the financial statements)

The Company is required to perform an impairment test of its investments whenever there is an indication that an investment may be impaired. The continued losses reported by the Company's subsidiary that is involved in the operation of golf club, indicated that the carrying amount of the investment in this subsidiary may be impaired. Accordingly, the Company estimated the recoverable amount of its investment in this subsidiary based on value in use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the golf club operations of this subsidiary, including key assumptions such as revenue growth rate and operating costs, and discounting them at an appropriate rate.

Due to the significance of the carrying amount of investment in the subsidiary of RM45.09 million and the subjective estimates involved in the impairment assessment, we identified this as an area of audit focus.

We evaluated the management's assumption on the revenue growth rate and operating costs by comparing to industry knowledge and historical data. We also assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive.

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)

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with 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.

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)

(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.

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 17 to the financial statements.

Other matters

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

Ernst & Young
AF 0039
Chartered Accountants

Lee Ming Li
02983/03/2020 J
Chartered Accountant

Johor Bahru, Malaysia
Date : 6 April 2018

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	**2017 RM'000**	2016 RM'000 (Restated)	**2017 RM'000**	2016 RM'000 (Restated)
Revenue	4	**1,189,654**	1,049,227	**959,386**	812,516
Cost of sales	5	**(989,672)**	(827,272)	**(888,601)**	(733,840)
Gross profit		**199,982**	221,955	**70,785**	78,676
Other income	6	**61,285**	122,037	**56,830**	117,894
Distribution costs		**(24,439)**	(22,047)	**(14,572)**	(13,907)
Administrative expenses		**(100,566)**	(99,568)	**(25,530)**	(30,153)
Other expenses		**(97,972)**	(60,697)	**(134,220)**	(43,010)
Operating profit/(loss)		**38,290**	161,680	**(46,707)**	109,500
Finance costs	10	**(7,274)**	(6,556)	**(874)**	(815)
Share of results of associate		**-**	(169)	**-**	-
Profit/(Loss) before tax	7	**31,016**	154,955	**(47,581)**	108,685
Income tax expense	11	**(7,993)**	(26,854)	**(3,289)**	(11,290)
Profit/(Loss) net of tax		**23,023**	128,101	**(50,870)**	97,395
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss					
Net gain/(loss) on available-for-sale financial assets					
- Gain on fair value changes		**225,569**	20,554	**25,123**	7,683
- Transfer to profit or loss upon disposal		**(2,363)**	(22,521)	**(2,357)**	(20,585)
Foreign currency translation		**(45,198)**	20,938	**-**	-
Other comprehensive income/(loss) for the year, net of tax		**178,008**	18,971	**22,766**	(12,902)
Total comprehensive income/(loss) for the year		**201,031**	147,072	**(28,104)**	84,493
Profit/(loss) net of tax attributable to:					
Owners of the parent		**22,858**	124,291	**(50,870)**	97,395
Non-controlling interests		**165**	3,810	**-**	-
		23,023	128,101	**(50,870)**	97,395
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**203,411**	141,157	**(28,104)**	84,493
Non-controlling interests		**(2,380)**	5,915	**-**	-
		201,031	147,072	**(28,104)**	84,493
Earnings per share attributable to owners of the parent (sen per share)					
Basic	12	**6.36**	34.58		
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 2017

	Note	**31.12.2017 RM'000**	Group 31.12.2016 RM'000 (Restated)	1.1.2016 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	14	**644,805**	674,151	657,028
Investment properties	15	**124,259**	125,949	126,110
Land use rights	16	**17,660**	17,956	12,848
Investment in associate		**-**	-	1,613
Investment securities	18	**593,247**	377,659	359,713
Intangible assets	19	**240**	364	390
Land held for property development	20(a)	**259,362**	256,474	203,570
Derivatives	28	**-**	-	2,284
Deferred tax assets	33	**5,003**	3,483	7,597
		1,644,576	1,456,036	1,371,153
Current assets				
Property development costs	20(b)	**14,898**	20,184	87,438
Inventories	21	**131,282**	186,532	100,295
Trade and other receivables	22	**86,560**	98,237	77,979
Other current assets	23	**9,106**	10,410	17,730
Tax recoverable		**5,812**	7,603	12,810
Derivatives	28	**205**	5,754	-
Cash and bank balances	24	**1,034,938**	1,083,460	1,097,899
		1,282,801	1,412,180	1,394,151
TOTAL ASSETS		**2,927,377**	2,868,216	2,765,304
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings	25	**31,329**	293,031	24,107
Trade and other payables	26	**118,303**	139,435	92,205
Other current liabilities	27	**369**	328	581
Derivatives	28	**-**	28,568	76,885
Tax payable		**516**	1,154	1,033
		150,517	462,516	194,811
Net current assets		**1,132,284**	949,664	1,199,340

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
AS AT 31 DECEMBER 2017

	Note	**31.12.2017 RM'000**	Group 31.12.2016 RM'000 (Restated)	1.1.2016 RM'000 (Restated)
Non-current liabilities				
Provisions	29	**12,589**	12,589	10,366
Trade and other payables	26	**7,357**	11,556	14,903
Non-refundable deposits		**1,204**	1,347	1,580
Deferred tax liabilities	33	**16,996**	26,016	22,369
Loans and borrowings	25	**219,663**	-	276,578
		257,809	51,508	325,796
Total liabilities		**408,326**	514,024	520,607
Net assets		**2,519,051**	2,354,192	2,244,697
Equity attributable to owners of the parent				
Share capital	30	**372,005**	361,477	361,477
Other reserves	31	**445,974**	276,185	260,959
Retained earnings	32	**1,559,628**	1,572,705	1,484,351
		2,377,607	2,210,367	2,106,787
Non-controlling interests		**141,444**	143,825	137,910
Total equity		**2,519,051**	2,354,192	2,244,697
TOTAL EQUITY AND LIABILITIES		**2,927,377**	2,868,216	2,765,304

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

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	**31.12.2017 RM'000**	Company 31.12.2016 RM'000 (Restated)	1.1.2016 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	14	**38,446**	41,007	41,275
Investment properties	15	**19,983**	19,194	19,504
Investment in subsidiaries	17	**164,814**	209,905	209,905
Investment in associate		**-**	-	790
Investment securities	18	**190,674**	151,622	151,848
Intangible assets	19	**119**	219	220
Land held for property development	20(a)	**249,723**	246,835	193,931
Other receivables	22	**17,532**	22,119	21,348
Deferred tax assets	33	**5,003**	3,483	7,597
		686,294	694,384	646,418
Current assets				
Property development costs	20(b)	**14,898**	20,184	87,438
Inventories	21	**116,408**	170,656	89,686
Trade and other receivables	22	**495,180**	477,463	467,547
Other current assets	23	**6,408**	7,497	15,227
Tax recoverable		**3,417**	6,592	5,680
Derivatives	28	**205**	1	-
Cash and bank balances	24	**562,080**	638,378	645,068
		1,198,596	1,320,771	1,310,646
TOTAL ASSETS		**1,884,890**	2,015,155	1,957,064
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings	25	**19,309**	21,229	9,791
Trade and other payables	26	**137,123**	167,793	118,456
Other current liabilities	27	**276**	292	535
Derivatives	28	**-**	28,568	76,885
		156,708	217,882	205,667
Net current assets		**1,041,888**	1,102,889	1,104,979

COMPANY STATEMENT OF FINANCIAL POSITION (Cont'd)
AS AT 31 DECEMBER 2017

	Note	31.12.2017 RM'000	Company 31.12.2016 RM'000 (Restated)	1.1.2016 RM'000 (Restated)
Non-current liabilities				
Provisions	29	**12,589**	12,589	10,366
Trade and other payables	26	**5,148**	9,821	12,851
Non-refundable deposits		**1,204**	1,347	1,580
		18,941	23,757	24,797
Total liabilities		**175,649**	241,639	230,464
Net assets		**1,709,241**	1,773,516	1,726,600
Equity attributable to owners of the parent				
Share capital	30	**372,005**	361,477	361,477
Other reserves	31	**113,736**	101,734	116,276
Retained earnings	32	**1,223,500**	1,310,305	1,248,847
Total equity		**1,709,241**	1,773,516	1,726,600
TOTAL EQUITY AND LIABILITIES		**1,884,890**	2,015,155	1,957,064

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 2017

		<— Attributable to owners of the parent										
			<— Non-Distributable				—>	<— Distributable —>				
	Note	Share capital (Note 30) RM'000	Share premium RM'000	Treasury shares (Note 31) RM'000	Revaluation reserve (Note 31) RM'000	Translation reserve (Note 31) RM'000	Fair value reserve (Note 31) RM'000	Premium on acquisition of non-controlling interests RM'000	Capital reserve (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000 —>
At 1 January 2017 (as previously stated)		361,477	10,528	(6,777)	11,354	130,287	129,765	(510)	1,538	1,594,417	2,232,079	143,825	2,375,904
Prior year adjustment	41	-	-	-	-	-	-	-	-	(21,712)	(21,712)	-	(21,712)
At 1 January 2017 (as restated)		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
Total comprehensive income		-	-	-	-	(42,653)	223,206	-	-	22,858	203,411	(2,380)	201,031
		361,477	10,528	(6,777)	11,354	87,634	352,971	(510)	1,538	1,595,563	2,413,778	141,445	2,555,223
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		372,005	-	(7,013)	11,354	87,634	352,971	(510)	1,538	1,559,628	2,377,607	141,444	2,519,051

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		<— Attributable to owners of the parent											
			<— Non-Distributable					—>	<—Distributable—>				
	Note	Share capital (Note 30) RM'000	Share premium RM'000	Treasury shares (Note 31) RM'000	Revaluation reserve (Note 31) RM'000	Translation reserve (Note 31) RM'000	Fair value reserve (Note 31) RM'000	Premium on acquisition of non-controlling interests RM'000	Capital reserve (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2016													
(as previously stated)		361,477	10,528	(5,137)	11,354	111,454	131,732	(510)	1,538	1,517,461	2,139,897	137,910	2,277,807
Prior year adjustment	41	-	-	-	-	-	-	-	-	(33,110)	(33,110)	-	(33,110)
At 1 January 2016													
(as restated)		361,477	10,528	(5,137)	11,354	111,454	131,732	(510)	1,538	1,484,351	2,106,787	137,910	2,244,697
Total comprehensive income													
(as previously stated)		-	-	-	-	18,833	(1,967)	-	-	112,893	129,759	5,915	135,674
Prior year adjustment	41	-	-	-	-	-	-	-	-	11,398	11,398	-	11,398
Total comprehensive income													
(as restated)		-	-	-	-	18,833	(1,967)	-	-	124,291	141,157	5,915	147,072
		361,477	10,528	(5,137)	11,354	130,287	129,765	(510)	1,538	1,608,642	2,247,944	143,825	2,391,769
Transactions with owners													
Shares buyback		-	-	(1,640)	-	-	-	-	-	-	(1,640)	-	(1,640)
Dividends	13	-	-	-	-	-	-	-	-	(35,937)	(35,937)	-	(35,937)
Total transactions with owners		-	-	(1,640)	-	-	-	-	-	(35,937)	(37,577)	-	(37,577)
At 31 December 2016													
(as restated)		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

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 2017

	Note	Share capital (Note 30) RM'000	<— Share premium RM'000	Non-Distributable Treasury shares (Note 31) RM'000	—> Fair value reserve (Note 31) RM'000	Distributable Retained earnings (Note 32) RM'000	Total equity RM'000
At 1 January 2017 (as previously stated)		361,477	10,528	(6,777)	97,983	1,332,017	1,795,228
Prior year adjustment	41	-	-	-	-	(21,712)	(21,712)
At 1 January 2017 (as restated)		361,477	10,528	(6,777)	97,983	1,310,305	1,773,516
Total comprehensive loss		-	-	-	22,766	(50,870)	(28,104)
		361,477	10,528	(6,777)	120,749	1,259,435	1,745,412
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		372,005	-	(7,013)	120,749	1,223,500	1,709,241

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

COMPANY STATEMENT OF CHANGES IN EQUITY (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital (Note 30) RM'000	<—— Non-Distributable Share premium RM'000	Treasury shares (Note 31) RM'000	——> Fair value reserve (Note 31) RM'000	Distributable Retained earnings (Note 32) RM'000	Total equity RM'000
At 1 January 2016 (as previously stated)		361,477	10,528	(5,137)	110,885	1,281,957	1,759,710
Prior year adjustment	41	-	-	-	-	(33,110)	(33,110)
At 1 January 2016 (as restated)		361,477	10,528	(5,137)	110,885	1,248,847	1,726,600
Total comprehensive income (as previously stated)		-	-	-	(12,902)	85,997	73,095
Prior year adjustment	41	-	-	-	-	11,398	11,398
Total comprehensive income (as restated)		-	-	-	(12,902)	97,395	84,493
		361,477	10,528	(5,137)	97,983	1,346,242	1,811,093
Transactions with owners							
Shares buyback		-	-	(1,640)	-	-	(1,640)
Dividends	13	-	-	-	-	(35,937)	(35,937)
		-	-	(1,640)	-	(35,937)	(37,577)
At 31 December 2016 (as restated)		361,477	10,528	(6,777)	97,983	1,310,305	1,773,516

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 2017

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
Cash flows from operating activities				
Profit/(Loss) before tax	**31,016**	154,955	**(47,581)**	108,685
Adjustments for :				
Additional compensation on compulsory acquisition of land use rights	**-**	(249)	**-**	-
Additional compensation on compulsory acquisition of land	**-**	(2,429)	**-**	(143)
Gain on disposal of property, plant and equipment	**(38)**	-	**(6)**	-
Gain on disposal of investment securities	**(5,993)**	(24,208)	**(2,513)**	(21,836)
Depreciation of property, plant and equipment	**31,551**	28,913	**4,483**	4,866
Depreciation of investment properties	**4,121**	3,668	**310**	310
Property, plant and equipment written off	**222**	54	**18**	25
Bad debts written off	**141**	80	**-**	-
Interest expenses	**7,274**	6,556	**874**	815
Impairment loss on trade receivables	**89**	2,468	**-**	2,573
Inventories written back	**(207)**	(215)	**(167)**	(221)
Inventories written off	**39**	-	**-**	-
Investment properties written off	**-**	1	**-**	-
Intangible assets written off	**-**	1	**-**	-
Dividend income	**(9,553)**	(7,524)	**(20,743)**	(10,592)
Unrealised foreign exchange loss/(gain)	**51,613**	(21,530)	**63,976**	(25,331)
Interest income	**(18,114)**	(14,761)	**(17,672)**	(14,629)
Share of results in associate	**-**	169	**-**	-
Net fair value gain on derivatives	**(24,900)**	(51,427)	**(28,772)**	(48,318)
Impairment loss on investment in subsidiaries	**-**	-	**45,091**	-
Surplus on capital repayment from an associate	**-**	-	**-**	(654)
Amortisation of intangible assets	**129**	178	**105**	154
Amortisation of land use rights	**296**	295	**-**	-
Operating profit/(loss) before changes in working capital	**67,686**	74,995	**(2,597)**	(4,296)
Receivables	**(4,676)**	(12,295)	**(49,984)**	7,327
Inventories	**55,396**	(85,992)	**54,415**	(80,750)
Payables	**(36,902)**	42,250	**(35,499)**	45,835
Property development costs	**14,772**	67,254	**14,772**	67,254
Cash generated from/(used in) operations	**96,276**	86,212	**(18,893)**	35,370
Interest paid	**(7,274)**	(6,556)	**(874)**	(815)
Income tax paid	**(15,547)**	(14,887)	**(1,433)**	(7,969)
Net cash generated from/(used in) operating activities	**73,455**	64,769	**(21,200)**	26,586

STATEMENTS OF CASH FLOWS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000 (Restated)	**2017 RM'000**	2016 RM'000 (Restated)
Cash flows from investing activities				
Purchase of property, plant and equipment	**(50,089)**	(22,867)	**(1,975)**	(4,725)
Purchase of intangible assets	**(5)**	(153)	**(5)**	(153)
Purchase of investment properties	**(1,440)**	(3,398)	**-**	-
Proceeds from disposal of investment securities	**13,851**	27,600	**6,023**	24,499
Proceeds from disposal of property, plant and equipment	**80**	2	**41**	2
Proceeds from additional compensation on compulsory acquisition of land	**-**	2,429	**-**	143
Proceeds from additional compensation on compulsory acquisition of land use rights	**-**	249	**-**	-
Purchase of investment securities	**(19,796)**	(15,721)	**(19,796)**	(15,339)
Payment for addition to land use rights	**-**	(5,403)	**-**	-
Dividends received	**9,350**	7,407	**20,541**	10,474
Increase in land held for property development	**(13,473)**	(50,681)	**(13,473)**	(50,681)
Interest received	**18,114**	14,761	**17,672**	14,629
Capital repayment from an associate	**-**	1,445	**-**	1,445
Withdrawal/(Placement) of fund in money market	**19,672**	(24,568)	**28,282**	(18,150)
(Placement)/Withdrawal of deposits with maturity more than three months	**(220,897)**	112,229	**(220,811)**	112,314
Net cash (used in)/generated from investing activities	**(244,633)**	43,331	**(183,501)**	74,458
Cash flows from financing activities				
Treasury shares purchased	**(236)**	(1,640)	**(236)**	(1,640)
Dividends paid	**(35,935)**	(35,937)	**(35,935)**	(35,937)
Advances from shareholders of a subsidiary	**9,696**	-	**-**	-
Drawdown from loans and borrowings	**4,309**	-	**-**	-
Repayment of loans and borrowings	**(16,656)**	(30,349)	**-**	-
Net cash used in financing activities	**(38,822)**	(67,926)	**(36,171)**	(37,577)
Net (decrease)/increase in cash and cash equivalents	**(210,000)**	40,174	**(240,872)**	63,467
Effects of exchange rate changes on cash and cash equivalents	**(83,018)**	19,187	**(72,426)**	11,334
Cash and cash equivalents at 1 January	**814,105**	754,744	**506,564**	431,763
Cash and cash equivalents at 31 December (Note 24)	**521,087**	814,105	**193,266**	506,564

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 2017

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 17.

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 Financial Reporting Standards ("FRS") and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial year beginning on or after 1 January 2017 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

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

On 1 January 2017, the Group and the Company adopted the following Amendments mandatory for annual financial periods beginning on or after 1 January 2017:

Amendments to FRS 107	*Statement of Cash Flows - Disclosure Initiative*
Amendments to FRS 112	*Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to FRS 12	*Disclosure of Interest in Other Entities Annual Improvements to FRSs 2014-2016 Cycle*

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

FRS 107 Disclosures Initiatives (Amendments to FRS 107)

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in Note 37(f), the application of these amendments has had no impact on the Group and on the Company.

FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has had no impact on the Group and on the Company as the Group and the Company already assessed the sufficiency of future taxable profits in a way that is consistent with these amendments.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Annual Improvements to MFRS Standards 2014–2016 Cycle

Amendments to FRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in FRS 12

The amendments clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The application of these amendments has had no effect on the Group as none of the Group's interest in these entities are classified, or included in a disposal group that is classified, as held for sale.

2.3 Malaysian Financial Reporting Standards ("MFRS")

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2017 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

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.

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

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.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) potential voting rights held by the Company, other vote holders or other parties;

(iii) rights arising from other contractual arrangements; and

(iv) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

2.8 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.

Freehold estates are stated at deemed cost less impairment losses. The deemed cost was based on the last revaluation in 1980. As permitted under the transitional provisions of International Accounting Standards (IAS) No. 16 (Revised) on Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these properties continue to be stated at their 1980 valuation ("deemed cost") less accumulated depreciation and impairment losses, if any.

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.

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

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.

2.16 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value, plus transaction costs except for financial assets at fair value through profit or loss which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised as expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial assets (cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in either financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

2.18 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 cash management.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Land held for property development and property development costs

(i) 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 stated at cost less any accumulated impairment losses.

(ii) Property development costs

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.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date over the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within other current assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within other current liabilities.

2.20 Inventories

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 properties (completed houses) 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.

2.21 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 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.

2.23 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss as mentioned in Note 2.24 or other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.24 Financial assets or liabilities at fair value through profit or loss

Financial assets or liabilities at fair value through profit or loss include financial assets or liabilities held for trading and financial assets or liabilities designated upon initial recognition as at fair value through profit or loss.

Financial assets or liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative assets or liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss.

2.25 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.26 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.

2.27 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 2.28(i)(f).

2.28 Revenue and other income recognition

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and other income can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

(i) Revenue

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. 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) 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)

2.28 Revenue and other income recognition (cont'd)

(c) Sales of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.19(ii).

(d) 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.

(e) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(f) 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.

2.29 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.

NOTES TO THE FINANCIAL STATEMENTS [Cont'd]
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.29 Taxation (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) 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.

2.30 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 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.31 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.

2.32 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.

2.33 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.

2.34 Replanting expenditure

Replanting expenditure consists of expenses incurred from the point of clearing to the point of harvesting and is charged to the statements of other comprehensive income in the year that it is incurred.

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:

Investment properties and property, plant and equipment

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

The Group has developed certain criteria based on FRS 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.

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

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 revised FRS 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

The Group and the Company recognise property development revenue and expenses in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date over the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group and the Company evaluate based on past experience and by relying on 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 and deferred tax provisions in the period in which such determination is made.

(d) Provision for foreseeable losses for low cost houses

The Group and the Company recognise a provision for foreseeable loss for low cost houses as required under FRSIC Consensus 17 Development of Affordable Housing. The provision for foreseeable loss for low cost houses represents the shortfall between the cost of constructing low cost housing and the economic benefits expected to be received from the purchasers of low cost housing in the development of low cost housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the master and building plans approved.

In determining the provision for foreseeable loss for low cost houses, judgements and assumptions are made by the Group and the Company on the structure and construction costs in constructing the low cost houses. In making those judgements, the Group and the Company evaluate the provisions based on past experience and by relying on the work of specialists.

(e) 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.

The Group and the Company carried out the impairment test on property, plant and equipment based on the cash generating unit ("CGU")'s fair value less cost to sell. The calculation was based on comparison sales method or income method. No impairment is required as the recoverable value of the CGU is higher than the carrying amount of the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS [Cont'd]
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(f) 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.

During the current financial year, the Company has recognised impairment loss in respect of investment in a subsidiary operating in golf club industry. The Company carried out the impairment test by estimating the value in use of the cash-generating unit ("CGU") to which the investment in subsidiary is allocated. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment loss recognised for the investment in subsidiaries are disclosed in Note 17.

4. REVENUE

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Oil palm produce	**831,579**	687,861	**848,478**	706,006
Sale of properties	**86,077**	92,114	**86,077**	92,114
Rental income	**22,737**	24,509	**4,088**	3,804
Dividend income	**9,553**	7,524	**20,743**	10,592
Management and operation of golf club	**17,098**	16,725	**-**	-
Operation of hotel and conference centre	**222,610**	220,494	**-**	-
	1,189,654	1,049,227	**959,386**	812,516

5. COST OF SALES

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Property development costs	**57,285**	62,081	**57,285**	62,081
Cost of inventories sold	**791,022**	628,780	**831,316**	671,759
Cost of services rendered	**141,365**	136,411	**-**	-
	989,672	827,272	**888,601**	733,840

NOTES TO THE FINANCIAL STATEMENTS [Cont'd]
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6. OTHER INCOME

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
Gain on disposal of investment securities	**5,993**	24,208	**2,513**	21,836
Gain on foreign exchange				
- realised	**-**	264	**-**	-
- unrealised	**-**	21,549	**-**	25,331
Interest income from deposits	**18,114**	14,761	**12,825**	10,196
Interest income from subsidiaries	**-**	-	**4,847**	4,433
Management fee received from subsidiaries	**-**	-	**714**	566
Additional compensation on compulsory acquisition of land use rights	**-**	249	**-**	-
Additional compensation on compulsory acquisition of land	**-**	2,429	**-**	143
Fair value gain on derivatives	**28,772**	51,427	**28,772**	48,318
Gain on trading of palm oil	**521**	1,499	**521**	1,499
Surplus on capital repayment from an associate	**-**	-	**-**	654
Miscellaneous	**7,885**	5,651	**6,638**	4,918
	61,285	122,037	**56,830**	117,894

7. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
Employee benefits expense (Note 8)	**123,330**	97,580	**24,929**	24,983
Auditors' remuneration:				
Statutory audits				
- Current year				
- Ernst & Young	**244**	240	**117**	115
- Other auditors	**1,240**	798	**-**	-
- (Over)/Underprovision in prior years				
- Ernst & Young	**-**	(1)	**-**	-
- Other auditors	**-**	10	**-**	-
Other services				
- Ernst & Young	**15**	3	**15**	3
- Other auditors	**613**	390	**-**	-
Direct operating expenses arising from investment properties:				
- revenue generating properties	**6,781**	6,599	**447**	487
Depreciation of property, plant and equipment (Note 14)	**31,551**	28,913	**4,483**	4,866
Depreciation of investment properties (Note 15)	**4,121**	3,668	**310**	310
Property, plant and equipment written off	**222**	54	**18**	25
Amortisation of land use rights (Note 16)	**296**	295	**-**	-
Investment properties written off	**-**	1	**-**	-
Intangible assets written off	**-**	1	**-**	-
Inventories written off	**39**	-	**-**	-

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

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

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		(Restated)
Bad debts written off	**141**	80	**-**	-
Interest expenses on note payable and bank overdraft	**7,274**	6,556	**874**	815
Impairment loss on trade receivables (Note 22)	**89**	2,468	**-**	2,573
Inventories written-back	**(207)**	(215)	**(167)**	(221)
Realised loss on foreign exchange	**21,138**	42,931	**24,580**	42,931
Unrealised loss on foreign exchange	**51,613**	19	**63,976**	-
Fair value loss on derivatives	**3,872**	-	**-**	-
Commission paid to a company in which certain directors have an interest (Note 35)	**8,029**	6,937	**8,029**	6,937
Replanting expenses	**741**	273	**-**	-
Rental expenses on land	**833**	786	**-**	-
Amortisation of intangible assets (Note 19)	**129**	178	**105**	154
Impairment loss on investment in subsidiaries (Note 17)	**-**	-	**45,091**	-
Gross dividends from quoted investments :				
- Malaysian corporations	**(1,678)**	(1,083)	**(1,581)**	(991)
- Foreign corporations	**(7,658)**	(6,223)	**(3,089)**	(2,520)
Gross dividends from unquoted investments :				
- Malaysian corporations	**(217)**	(218)	**(217)**	(218)
- Subsidiaries	**-**	-	**(15,856)**	(6,863)
Gain on disposal of property, plant and equipment	**(38)**	-	**(6)**	-

8. EMPLOYEE BENEFITS EXPENSE (excluding key management personnel)

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Wages and salaries	**95,150**	77,486	**22,410**	22,404
Social security contributions	**329**	301	**196**	176
Contributions to defined contribution plan	**3,571**	3,617	**2,323**	2,403
Other benefits	**24,280**	16,176	**-**	-
	123,330	97,580	**24,929**	24,983

9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Directors' remuneration:				
Fees	**988**	870	**835**	835
Other emoluments	**7,607**	9,264	**6,062**	7,664
Benefits-in-kind	**31**	31	**28**	28
	8,626	10,165	**6,925**	8,527

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 2017 and 2016 are:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Statement of comprehensive income:		(Restated)		(Restated)
Current income tax :				
- Malaysian income tax	**10,675**	13,212	**4,564**	6,921
- Foreign tax	**6,494**	7,523	**216**	127
	17,169	20,735	**4,780**	7,048
(Over)/Underprovision in prior years :				
- Malaysian income tax	**(399)**	125	**29**	132
- Foreign tax	**-**	(677)	**-**	(4)
	(399)	(552)	**29**	128
Deferred income tax (Note 33) :				
- Origination and reversal of temporary differences	**(8,586)**	6,240	**(1,423)**	4,488
- (Over)/Underprovision in prior years	**(191)**	431	**(97)**	(374)
	(8,777)	6,671	**(1,520)**	4,114
Income tax expense recognised in statements of comprehensive income	**7,993**	26,854	**3,289**	11,290

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 2017 and 2016 are as follows:

	2017	2016
	RM'000	RM'000
Group		(Restated)
Profit before tax	**31,016**	154,955
Taxation at Malaysian statutory tax rate of 24% (2016 : 24%)	**7,444**	37,190
Different tax rates in other countries	**(5,143)**	1,958
Income not subject to tax	**(9,653)**	(16,137)
Expenses not deductible for tax purposes	**9,410**	4,436
Effect of reduction of tax rate based on the increase in chargable income	**(99)**	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**-**	(1,283)
Recognition of deferred tax assets on unabsorbed losses previously not recognised	**-**	(426)
Deferred tax assets not recognised during the year	**6,624**	1,237
Overprovision of income tax in prior years	**(399)**	(552)
(Over)/Underprovision of deferred tax in prior years	**(191)**	431
Income tax expense recognised in profit or loss	**7,993**	26,854

11. INCOME TAX EXPENSE (cont'd)

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

Company	2017 RM'000	2016 RM'000 (Restated)
(Loss)/Profit before tax	**(47,581)**	108,685
Taxation at Malaysian statutory tax rate of 24% (2016 : 24%)	**(11,419)**	26,085
Income not subject to tax	**(9,054)**	(14,938)
Expenses not deductible for tax purposes	**24,041**	540
Different tax rates in other countries	**(211)**	(151)
Underprovision of income tax in prior years	**29**	128
Overprovision of deferred tax in prior years	**(97)**	(374)
Income tax expense recognised in profit or loss	**3,289**	11,290

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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 (2016 : RM3,699,000).

(ii) Tax exempt account arising out of tax exempt dividends received of approximately RM6,079,000 (2016 : 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 (2016 : 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 (2016 : RM20,163,000).

(v) Tax exempt account under Section 8 of the Income Tax (Amendment) Act, 1999 of approximately RM2,125,000 (2016 : RM2,125,000).

(vi) Tax exempt account under Income Tax (Exemption)(No. 48) Order 1997 of approximately RM26,000 (2016 : RM26,000).

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 2017	Group 2016 (Restated)
Profit net of tax attributable to owners of the parent (RM'000)	**22,858**	124,291
Weighted average number of ordinary shares in issue ('000)	**359,356**	359,394
Basic earnings per share (sen)	**6.36**	34.58

No diluted earnings per share have been presented as there were no dilutive potential ordinary shares outstanding as at 31 December 2017 and 31 December 2016.

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

13. DIVIDENDS

	Group and Company	
Recognised during the financial year:	**2017 RM'000**	2016 RM'000
Dividends on ordinary shares:		
- Final single tier dividend for 2016: 6 sen (2015: 6%) per share	**21,561**	21,562
- Interim single tier dividend for 2017: 4 sen (2016: 4%) per share	**14,374**	14,375
	35,935	35,937
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 2017: 6 sen (2016 : 6) sen per share	**21,559**	21,561

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the financial year ended 31 December 2017, of 6 sen per share on 359,313,000 ordinary shares, amounting to a total dividend payable of RM21,559,000 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 2018.

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 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

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

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 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)

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 2016:					
At cost	737,563	127,995	108,970	2,518	977,046
At deemed cost	23,421	-	-	-	23,421
Government grant	-	(7,414)	-	-	(7,414)
	760,984	120,581	108,970	2,518	993,053
Additions	3,631	2,626	3,684	12,926	22,867
Transfers	-	2,261	8	(2,269)	-
Reclassification	-	-	-	(100)	(100)
Write offs	-	(251)	(19,471)	-	(19,722)
Disposals	-	-	(32)	-	(32)
Exchange differences	29,430	-	3,853	847	34,130
At 31 December 2016	794,045	125,217	97,012	13,922	1,030,196
Representing:					
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
Accumulated depreciation					
At 1 January 2016 :					
At cost	156,846	105,355	80,130	-	342,331
Government grant	-	(6,306)	-	-	(6,306)
	156,846	99,049	80,130	-	336,025
Recognised in statements of comprehensive income (Note 7)	17,238	4,081	7,594	-	28,913
Charge for the year	17,238	4,575	7,594	-	29,407
Government grant	-	(494)	-	-	(494)
Write offs	-	(249)	(19,419)	-	(19,668)
Disposals	-	-	(30)	-	(30)
Exchange differences	7,906	-	2,899	-	10,805
At 31 December 2016	181,990	102,881	71,174	-	356,045
Representing:					
At cost	181,990	109,681	71,174	-	362,845
Government grant	-	(6,800)	-	-	(6,800)
	181,990	102,881	71,174	-	356,045
Net carrying amount					
At 31 December 2016					
At cost	588,634	22,950	25,838	13,922	651,344
At deemed cost	23,421	-	-	-	23,421
Government grant	-	(614)	-	-	(614)
	612,055	22,336	25,838	13,922	674,151

NOTES TO THE FINANCIAL STATEMENTS [Cont'd]
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017

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 2016	26,235	105,098	13,270	1,627	146,230
Additions	2,318	1,476	931	-	4,725
Transfers	-	1,527	-	(1,527)	-
Reclassification	-	-	-	(100)	(100)
Write offs	-	(4)	(269)	-	(273)
Disposals	-	-	(15)	-	(15)
At 31 December 2016	28,553	108,097	13,917	-	150,567
Representing:					
At cost	19,539	108,097	13,917	-	141,553
At deemed cost	9,014	-	-	-	9,014
	28,553	108,097	13,917	-	150,567
Accumulated depreciation					
At 1 January 2016	7,465	86,984	10,506	-	104,955
Charge for the year (Note 7)	620	3,134	1,112	-	4,866
Write offs	-	(2)	(246)	-	(248)
Disposals	-	-	(13)	-	(13)
At 31 December 2016	8,085	90,116	11,359	-	109,560
Net carrying amount					
At 31 December 2016					
At cost	11,454	17,981	2,558	-	31,993
At deemed cost	9,014	-	-	-	9,014
	20,468	17,981	2,558	-	41,007

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

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
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**
2016				
At deemed cost -				
Freehold estates	23,421	-	23,421	-
At cost -				
Freehold estates	3,669	-	3,669	-
Golf course	77,827	18,764	59,063	889
Freehold land and buildings	689,128	163,226	525,902	16,349
	770,624	181,990	588,634	17,238
Total	794,045	181,990	612,055	17,238

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
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**
2016				
At deemed cost -				
Freehold estates	9,014	-	9,014	-
At cost -				
Freehold estates	3,509	-	3,509	-
Freehold land and buildings	16,030	8,085	7,945	620
	19,539	8,085	11,454	620
Total	28,553	8,085	20,468	620

(i) The freehold estates were revalued on an existing use basis or open market value by independent professional valuers in 1980.

At 31 December 2017, had the revalued freehold estates ("deemed cost") of the Group and the Company been carried under the cost model, the carrying amount would have been RM4,248,000 (2016 : RM4,248,000) and RM2,564,000 (2016 : RM2,564,000) respectively.

(ii) Property, plant and equipment of certain subsidiaries of RM435,069,000 (2016 : RM481,215,000) are pledged for bank facilities purposes as disclosed in Note 25.

15. INVESTMENT PROPERTIES

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 20(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)

Group	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
Cost			
At 1 January 2016	200,159	11,360	211,519
Additions	3,398	-	3,398
Write offs	(43)	-	(43)
Disposals	(6)	-	(6)
Exchange differences	-	249	249
At 31 December 2016	203,508	11,609	215,117
Accumulated depreciation			
At 1 January 2016	79,062	6,347	85,409
Charge for the year (Note 7)	3,668	-	3,668
Write offs	(42)	-	(42)
Disposals	(6)	-	(6)
Exchange differences	-	139	139
At 31 December 2016	82,682	6,486	89,168
Net carrying amount			
At 31 December 2016	120,826	5,123	125,949

	Company	
	2017 RM'000	2016 RM'000
Freehold land and and buildings		
Cost		
At 1 January	**27,085**	27,085
Transfer from land held for property development (Note 20(a))	**1,099**	-
At 31 December	**28,184**	27,085
Accumulated depreciation		
At 1 January	**7,891**	7,581
Charge for the year (Note 7)	**310**	310
At 31 December	**8,201**	7,891
Net carrying amount		
At 31 December	**19,983**	19,194

The fair value of investment properties as at 31 December 2017 for the Group and Company is approximately RM429,078,000 (2016 : RM442,141,000) and RM141,438,000 (2016 : RM137,319,000) respectively, which has been determined based on the comparison and investment methods.

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

16. LAND USE RIGHTS

	Group	
	2017	2016
	RM'000	RM'000
Cost		
At 1 January	**25,724**	20,321
Additions	**-**	5,403
At 31 December	**25,724**	25,724
Accumulated amortisation		
At 1 January	**7,768**	7,473
Amortisation for the year (Note 7)	**296**	295
At 31 December	**8,064**	7,768
Net carrying amount		
At 31 December	**17,660**	17,956
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	**16,183**	16,479
	17,660	17,956

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 98 years (2016 : 99 years) expiring in 2115.

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	RM'000	RM'000
Unquoted shares, at cost		
In Malaysia	**214,001**	214,001
Outside Malaysia	**4**	4
	214,005	214,005
Impairment losses	**(49,191)**	(4,100)
	164,814	209,905

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

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows :

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2017	2016
			%	%
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	**99.7**	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
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.

<u>Impairment loss recognised</u>

During the financial year, the Company carried out a review of the recoverable amount of its investment in a subsidiary operating in golf club industry due to its continued losses. An impairment loss of RM45,091,000, representing additional write down of the cost of investment in this subsidiary, was recognised in the statement of comprehensive income for the financial year ended 31 December 2017. The recoverable amount of the investment in the subsidiary was based on its value in use. The post tax discount rate used in estimating the value in use was 9.59%.

17. 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	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000
Non-current assets	**4,963**	5,106	**56,085**	57,294	**70,919**	51,497	**79,183**	79,006	**211,150**	192,903
Current assets	**19,636**	21,625	**44,586**	40,803	**9,710**	20,119	**5,153**	4,446	**79,085**	86,993
Total assets	**24,599**	26,731	**100,671**	98,097	**80,629**	71,616	**84,336**	83,452	**290,235**	279,896
Current liabilities	**2,002**	2,388	**3,160**	5,109	**29,085**	10,818	**13,214**	6,076	**47,461**	24,391
Non-current liabilities	**18,012**	22,392	**2,571**	1,985	**-**	-	**-**	-	**20,583**	24,377
Total liabilities	**20,014**	24,780	**5,731**	7,094	**29,085**	10,818	**13,214**	6,076	**68,044**	48,768
Net assets	**4,585**	1,951	**94,940**	91,003	**51,544**	60,798	**71,122**	77,376	**222,191**	231,128
Equity attributable to:										
- owners of the Company	**(1,779)**	(3,360)	**84,458**	81,702	**25,776**	30,403	**(27,075)**	(20,823)	**81,380**	87,922
- non-controlling interests	**6,364**	5,311	**10,482**	9,301	**25,768**	30,395	**98,197**	98,199	**140,811**	143,206
	4,585	1,951	**94,940**	91,003	**51,544**	60,798	**71,122**	77,376	**222,191**	231,128

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 2017

17. 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	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000
Revenue	**43,920**	38,422	**14,601**	16,201	**69,179**	67,127	**17,099**	16,725	**144,799**	138,475
Profit/(Loss) for the year attributable to :										
- owners of the Company	**1,580**	3,456	**4,557**	5,356	**(2,083)**	(47)	**(85,434)**	(5,739)	**(81,380)**	3,026
- non-controlling interests	**1,053**	2,304	**1,182**	1,524	**(2,082)**	(46)	**-**	-	**153**	3,782
	2,633	5,760	**5,739**	6,880	**(4,165)**	(93)	**(85,434)**	(5,739)	**(81,227)**	6,808
Other comprehensive (loss)/ income attributable to :										
- owners of the Company	**-**	-	**-**	-	**(2,545)**	2,105	**-**	-	**(2,545)**	2,105
- non-controlling interests	**-**	-	**-**	-	**(2,544)**	2,104	**-**	-	**(2,544)**	2,104
Other comprehensive (loss)/ income for the year	**-**	-	**-**	-	**(5,089)**	4,209	**-**	-	**(5,089)**	4,209
Total comprehensive income/ (loss) attributable to :										
- owners of the Company	**1,580**	3,456	**4,557**	5,356	**(4,628)**	2,058	**(85,434)**	(5,739)	**(83,925)**	5,131
- non-controlling interests	**1,053**	2,304	**1,182**	1,524	**(4,626)**	2,058	**-**	-	**(2,391)**	5,886
Total comprehensive income/ (loss) for the year	**2,633**	5,760	**5,739**	6,880	**(9,254)**	4,116	**(85,434)**	(5,739)	**(86,316)**	11,017

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 2017

17. 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	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000
Net cash generated from/(used in) operating activities	**1,883**	1,038	**5,337**	6,392	**20,497**	10,172	**2,946**	(2,127)	**30,663**	15,475
Net cash used in investing activities	**(771)**	(1,326)	**(4,629)**	(3,558)	**(31,115)**	(13,798)	**(2,904)**	(161)	**(39,419)**	(18,843)
Net cash (used in)/generated from financing activities	**(613)**	(656)	**(1,800)**	(1,800)	**-**	-	**-**	2,103	**(2,413)**	(353)
Net increase/(decrease) in cash and cash equivalents	**499**	(944)	**(1,092)**	1,034	**(10,618)**	(3,626)	**42**	(185)	**(11,169)**	(3,721)
Effects of exchange rate changes in cash and cash equivalents	**-**	-	**-**	-	**(186)**	1,124	**-**	-	**(186)**	1,124
Cash and cash equivalents at beginning of the year	**57**	1,001	**1,340**	306	**15,683**	18,185	**1,034**	1,219	**18,114**	20,711
Cash and cash equivalents at end of the year	**556**	57	**248**	1,340	**4,879**	15,683	**1,076**	1,034	**6,759**	18,114

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

18. INVESTMENT SECURITIES

	2017		2016	
	Carrying amount RM'000	**Market value of quoted investments RM'000**	Carrying amount RM'000	Market value of quoted investments RM'000
Group				
Available-for-sale financial assets				
Equity instruments				
Quoted in Malaysia	**75,491**	**75,491**	72,954	72,954
Quoted outside Malaysia	**517,615**	**517,615**	304,564	304,564
Unquoted in Malaysia, at cost	**141**	**-**	141	-
	593,247	**593,106**	377,659	377,518
Company				
Available-for-sale financial assets				
Equity instruments				
Quoted in Malaysia	**71,958**	**71,958**	68,668	68,668
Quoted outside Malaysia	**118,578**	**118,578**	82,816	82,816
Unquoted in Malaysia, at cost	**138**	**-**	138	-
	190,674	**190,536**	151,622	151,484

19. INTANGIBLE ASSETS

	Group		**Company**	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Cost				
At 1 January	**1,888**	1,737	**1,490**	1,337
Addition	**5**	153	**5**	153
Write offs	**-**	(2)	**-**	-
At 31 December	**1,893**	1,888	**1,495**	1,490
Accumulated amortisation				
At 1 January	**1,524**	1,347	**1,271**	1,117
Amortisation for the year (Note 7)	**129**	178	**105**	154
Write offs	**-**	(1)	**-**	-
At 31 December	**1,653**	1,524	**1,376**	1,271
Net carrying amount				
At 31 December	**240**	364	**119**	219

NOTES TO THE FINANCIAL STATEMENTS [Cont'd]
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

20. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
2017				
At cost :				
At 1 January 2017	**63,450**	**60,392**	**132,632**	**256,474**
Additions	**355**	**-**	**13,118**	**13,473**
Transfer to property development cost (Note 20(b))	**(102)**	**(3,125)**	**(6,259)**	**(9,486)**
Transfer to investment properties (Note 15)	**(252)**	**-**	**(847)**	**(1,099)**
At 31 December 2017	**63,451**	**57,267**	**138,644**	**259,362**
2016				
At cost :				
At 1 January 2016	62,404	60,392	80,774	203,570
Additions	1,046	-	49,635	50,681
Provision for foreseeable losses for low cost houses (Note 29)	-	-	2,223	2,223
At 31 December 2016	63,450	60,392	132,632	256,474

Company	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
2017				
At 1 January 2017	**53,811**	**60,392**	**132,632**	**246,835**
Additions	**355**	**-**	**13,118**	**13,473**
Transfer to property development cost (Note 20(b))	**(102)**	**(3,125)**	**(6,259)**	**(9,486)**
Transfer to investment properties (Note 15)	**(252)**	**-**	**(847)**	**(1,099)**
At 31 December 2017	**53,812**	**57,267**	**138,644**	**249,723**
2016				
At cost :				
At 1 January 2016	52,765	60,392	80,774	193,931
Additions	1,046	-	49,635	50,681
Provision for foreseeable losses for low cost houses (Note 29)	-	-	2,223	2,223
At 31 December 2016	53,811	60,392	132,632	246,835

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

20. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (cont'd)

(b) Property development costs

	Group and Company	
	2017	2016
	RM'000	RM'000
At cost :		
At 1 January :		
Freehold land	**514**	5,821
Leasehold land	**-**	2,671
Development costs	**30,719**	112,425
	31,233	120,917
Cost incurred during the year :		
Development costs	**11,722**	16,403
Reversal of completed projects		
Freehold land	**(179)**	(1,713)
Leasehold land	**-**	(83)
Development costs	**(10,870)**	(68,124)
	(11,049)	(69,920)
Cost recognised in profit or loss :		
At 1 January	**(11,049)**	(33,479)
Recognised during the year	**(13,194)**	(47,490)
Reversal of completed projects	**11,049**	69,920
At 31 December	**(13,194)**	(11,049)
Transfer :		
From land held for property development (Note 20(a))	**9,486**	-
To Inventory	**(13,300)**	(36,167)
	(3,814)	(36,167)
Property development costs at 31 December	**14,898**	20,184

21. INVENTORIES

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
At cost :				
Refined oil products	**55,028**	83,623	**44,158**	71,563
Crude palm oil, crude palm kernel oil and palm kernel	**21,487**	28,627	**21,325**	28,356
Spare parts and chemicals	**5,908**	5,518	**4,116**	3,678
Completed houses	**29,945**	53,502	**29,945**	53,502
Food, beverage and utensils	**1,557**	1,346	**-**	-
	113,925	172,616	**99,544**	157,099
Net realisable value :				
Refined oil products	**14,045**	10,462	**13,552**	10,103
Completed houses	**3,312**	3,454	**3,312**	3,454
	17,357	13,916	**16,864**	13,557
	131,282	186,532	**116,408**	170,656

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Current				
Trade receivables				
Third parties	**71,711**	80,896	**59,695**	69,178
Less: Allowance for impairment	**(2,703)**	(2,701)	**(2,573)**	(2,573)
	69,008	78,195	**57,122**	66,605
Other receivables				
Due from subsidiaries	**-**	-	**426,572**	396,306
Refundable deposits	**1,995**	1,940	**700**	682
Sundry receivables	**15,557**	18,102	**10,786**	13,870
	17,552	20,042	**438,058**	410,858
	86,560	98,237	**495,180**	477,463
Non-Current				
Other receivables				
Due from subsidiary	**-**	-	**17,532**	22,119
Total trade and other receivables	**86,560**	98,237	**512,712**	499,582
Add: Cash and bank balances (Note 24)	**1,034,938**	1,083,460	**562,080**	638,378
Total loans and receivables	**1,121,498**	1,181,697	**1,074,792**	1,137,960

22. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 30 days (2016 : 14 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Neither past due nor impaired	**60,892**	71,997	**54,233**	65,755
1 to 30 days past due not impaired	**5,348**	3,498	**1,642**	385
31 to 60 days past due not impaired	**2,555**	2,109	**1,238**	91
61 to 90 days past due not impaired	**123**	193	**-**	-
91 to 120 days past due not impaired	**64**	241	**9**	219
More than 120 days past due not impaired	**26**	157	**-**	155
	8,116	6,198	**2,889**	850
Impaired	**2,703**	2,701	**2,573**	2,573
	71,711	80,896	**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. More than 85% (2016: 89%) of the Group's and 91% (2016: 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 RM8,116,000 (2016 : RM6,198,000) and RM2,889,000 (2016: RM850,000) respectively that are past due at the reporting date but not impaired.

NOTES TO THE FINANCIAL STATEMENTS [Cont'd]
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

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

	Individually Impaired	
	2017	2016
Group	**RM'000**	RM'000
Trade receivables		
- nominal amounts	**2,712**	2,701
Less: Allowance for impairment	**(2,703)**	(2,701)
	9	-
Company		
Trade receivables		
- nominal amounts	**2,573**	2,573
Less: Allowance for impairment	**(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	**2,701**	329	**2,573**	-
Charge for the year (Note 7)	**89**	2,468	**-**	2,573
Written off	**(87)**	(87)	**-**	-
Exchange differences	**-**	(9)	**-**	-
At 31 December	**2,703**	2,701	**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 amount are :

- RM153,330,000 (2016 : RM167,236,000) which bears interest rate ranging from 2.95% to 6.06% per annum (2016 : 2.95% to 6.06% per annum).
- RM254,532,000 (2016 : RM226,973,000) placed in a foreign financial institution under a foreign subsidiary's name.

Non-Current

Amount due from a subsidiary is unsecured, bears interest at 2.95% per annum (2016 : ranging from 2.95% to 3.15% per annum) and is not expected to be repaid within the next twelve months.

23. OTHER CURRENT ASSETS

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Prepayments	**4,242**	3,571	**1,544**	658
Deposits paid	**2,200**	2,300	**2,200**	2,300
Accrued billings in respect of property development costs	**2,664**	4,539	**2,664**	4,539
	9,106	10,410	**6,408**	7,497

24. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Cash at banks and on hand	**113,608**	131,876	**34,618**	45,550
Money market funds	**191,085**	211,850	**51,280**	79,562
Deposits with:				
Licensed banks	**434,879**	410,134	**213,299**	215,673
Foreign financial institutions	**295,366**	329,600	**262,883**	297,593
Cash and bank balances (Note 22)	**1,034,938**	1,083,460	**562,080**	638,378

Included in cash and bank balances of the Group and of the Company is an amount of RM25,698,000 (2016 : RM18,801,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966, and are restricted from use in other operations.

Money market funds earn interest at floating rates based on daily bank deposit rates. 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 2017 for the Group and the Company were 2.24% per annum (2016 : 1.40% per annum) and 2.10% per annum (2016 : 1.19% per annum) respectively.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at each reporting date:

	Group		Company	
	2017	2016	**2015**	2016
	RM'000	RM'000	**RM'000**	RM'000
Cash and bank balances	**1,034,938**	1,083,460	**562,080**	638,378
Less :				
Bank overdrafts (Note 25)	**(19,309)**	(21,229)	**(19,309)**	(21,229)
Money market funds	**(191,085)**	(211,850)	**(51,280)**	(79,562)
Deposits with licensed banks with maturity more than three months	**(303,457)**	(36,276)	**(298,225)**	(31,023)
Cash and cash equivalents	**521,087**	814,105	**193,266**	506,564

25. LOANS AND BORROWINGS

		Group		Company	
	Maturity	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000
Current					
Unsecured:					
Bank overdrafts (Note 24)	On demand	**19,309**	21,229	**19,309**	21,229
Secured:					
Notes payable	2018	**12,020**	271,802	**-**	-
		31,329	293,031	**19,309**	21,229
Non-Current					
Secured:					
Notes payable	2020	**219,663**	-	**-**	-
Total loans and borrowings (Note 26)		**250,992**	293,031	**19,309**	21,229

The remaining maturities of the loans and borrowings as at 31 December 2017 and 2016 are as follows:-

	Group		Company	
	2017	2016	**2017**	2016
On demand or within 1 year	**31,329**	293,031	**19,309**	21,229
More than 1 year and less than 5 years	**219,663**	-	**-**	-
	250,992	293,031	**19,309**	21,229

Bank overdrafts
Bank overdrafts were denominated in RM and bore interest at BLR + 0.75% (2016: BLR + 0.75%) per annum.

Notes payable
The notes payable of certain subsidiary companies bear interest ranging from LIBOR + 1.03% - 1.05% (2016: LIBOR + 1.25% - 1.50%) 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 RM435,069,000 (2016 : RM481,215,000) as disclosed in Note 14.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Current				
Trade payables				
Third parties	**59,257**	84,975	**55,069**	77,154
Due to subsidiaries	**-**	-	**60,792**	64,753
	59,257	84,975	**115,861**	141,907
Other payables				
Accruals	**28,710**	33,274	**12,067**	16,875
Sundry payables	**25,871**	15,529	**9,100**	8,939
Refundable deposits	**4,465**	5,657	**95**	72
	59,046	54,460	**21,262**	25,886
Total : Current	**118,303**	139,435	**137,123**	167,793
Non-current				
Trade payables				
Retention sum	**3,660**	4,647	**3,661**	4,647
Other payables				
Refundable deposits	**3,697**	3,136	**1,487**	1,401
Accruals	**-**	3,773	**-**	3,773
	3,697	6,909	**1,487**	5,174
Total : Non-current	**7,357**	11,556	**5,148**	9,821
Total trade and other payables	**125,660**	150,991	**142,271**	177,614
Add: Loans and borrowings (Note 25)	**250,992**	293,031	**19,309**	21,229
Total financial liabilities carried at amortised cost	**376,652**	444,022	**161,580**	198,843

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 45 days (2016 : 30 to 45 days) terms.

(b) Other payables

Other payables are non-interest bearing and are normally settled on 30 to 60 days (2016 : 30 to 60 days) terms.

As at 31 December 2017, included in sundry payables of the Group is an amount of RM9,695,560 due to Keck Seng Investments (Hong Kong) Limited and Goodlane-Companhia De Fomenpo Predial Limitada, the shareholders of K.S.F. Enteprises Sdn. Bhd. and companies in which directors, namely Ho Kim Swee @ Ho Kian Guan, Dato' Ho Cheng Chong @ Ho Kian Hock and Ho Eng Chong @ Ho Kian Cheong, have interest.These amounts are unsecured, non-interest bearing and repayable on demand.

(c) Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing and repayable on demand.

27. OTHER CURRENT LIABILITIES

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Progress billings in respect of property development cost	**51**	81	**51**	81
Deposits received from tenants	**318**	247	**225**	211
	369	328	**276**	292

28. DERIVATIVES

	31.12.2017		31.12.2016		1.1.2016	
Group	**Contract/ Notional Amount RM'000**	**Assets/ (Liabilities) RM'000**	Contract/ Notional Amount RM'000 (Restated)	Assets/ (Liabilities) RM'000 (Restated)	Contract/ Notional Amount RM'000 (Restated)	Assets/ (Liabilities) RM'000 (Restated)
Non-hedging derivatives:						
Current						
Forward currency contracts	**2,850**	**205**	35,615	1	128,318	(33,319)
Currency options	**-**	**-**	65,650	(28,568)	54,640	(43,566)
Cross currency swap contract	**-**	**-**	89,680	5,753	-	-
	2,850	**205**	190,945	(22,814)	182,958	(76,885)
Non-Current						
Cross currency swap contract	**-**	**-**	-	-	85,910	2,284
Company						
Non-hedging derivatives:						
Current						
Currency options	**-**	**-**	65,650	(28,568)	54,640	(43,566)
Forward currency contracts	**2,850**	**205**	35,615	1	128,318	(33,319)
	2,850	**205**	101,265	(28,567)	182,958	(76,885)

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 April 2018 (31.12.2016 : July 2017; 1.1.2016 : September 2016).

A cross currency swap contract in previous year was entered to exchange the principal payments of a foreign currency denominated loan into another currency to reduce the Group's exposure from adverse fluctuations in foreign currency and interest rate.

29. PROVISIONS

The provision represents the shortfall arising from the present obligation to construct low cost houses that are required by the State Government of Johor. The construction is not expected to be launched within the next twelve months.

The movement of provision for foreseeable losses for low cost houses are:

	Group and Company	
	2017	2016
	RM'000	RM'000
At 1 January	**12,589**	10,366
Addition - Land held for property development (Note 20(a))	**-**	2,223
At 31 December	**12,589**	12,589

30. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2017	2016	**2017**	2016
	'000	'000	**RM'000**	RM'000
Issued and fully paid :				
At 1 January	**361,477**	361,477	**361,477**	361,477
Transition to no-par value regime on 31 January 2017 under the Companies Act 2016	**-**	-	**10,528**	-
At 31 December - ordinary shares with no par value (2016: par value of RM1 each)	**361,477**	361,477	**372,005**	361,477

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.

31. 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 available-for-sale financial assets until they are disposed off or impaired.

(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 2017, 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.

The Company acquired 50,000 (2016 : 313,000) of its issued ordinary shares from the open market at an average price of RM4.71 (2016 : RM5.24) per share including transaction costs during the year. The total consideration paid for the repurchase including transaction cost was RM235,406 (2016 : RM1,639,888). The repurchase transactions were financed by internally generated funds. Of the total 361,477,000 (2016 : 361,477,000) issued and fully paid ordinary shares, 2,164,000 (2016 : 2,114,000) are held as treasury shares by the Company. The number of outstanding ordinary shares after set-off is 359,313,000 (2016 : 359,363,000) ordinary shares.

Distributable reserves

(e) Capital reserve
This amount represents gains on sale of investments transferred from retained earnings.

32. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2017 under the single tier system.

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

33. DEFERRED TAXATION

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

Group	As at 1 January 2016 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000 (Restated)	Exchange differences RM'000	As at 31 December 2016 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000	Exchange differences RM'000	As at 31 December 2017 RM'000
Deferred tax liabilities:							
Property, plant and equipment and investment properties	26,027	620	952	27,599	(6,302)	(1,754)	19,543
Land use rights	2,270	(43)	-	2,227	(43)	-	2,184
Land held for property development	1,394	(32)	-	1,362	(30)	-	1,332
Receivables	8,991	(5,036)	180	4,135	(4,035)	(92)	8
Derivatives	-	1	-	1	49	-	50
Others	44	-	-	44	-	-	44
	38,726	(4,490)	1,132	35,368	(10,361)	(1,846)	23,161
Deferred tax assets:							
Receivables	-	-	-	-	(5,921)	-	(5,921)
Unutilised tax losses, investment tax, allowances and capital allowances	(337)	(426)	-	(763)	(135)	-	(898)
Provisions	(2,750)	(73)	(19)	(2,842)	549	33	(2,260)
Inventories	(1,705)	17	-	(1,688)	49	-	(1,639)
Derivatives	(18,452)	11,596	-	(6,856)	6,856	-	-
Other payables	(710)	47	(23)	(686)	186	50	(450)
	(23,954)	11,161	(42)	(12,835)	1,584	83	(11,168)
	14,772	6,671	1,090	22,533	(8,777)	(1,763)	11,993

	31.12.2017 RM'000	31.12.2016 RM'000 (Restated)	1.1.2016 RM'000 (Restated)
Presented after appropriate offsetting as follows :			
Deferred tax assets	(5,003)	(3,483)	(7,597)
Deferred tax liabilities	16,996	26,016	22,369
	11,993	22,533	14,772

NOTES TO THE FINANCIAL STATEMENTS [Cont'd]
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

33. DEFERRED TAXATION (cont'd)

Company	As at 1 January 2016 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000 (Restated)	As at 31 December 2016 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2017 RM'000
Deferred tax liabilities:					
Property, plant and equipment	4,021	(234)	3,787	(541)	3,246
Land held for property development	1,393	(32)	1,361	(30)	1,331
Receivables	8,951	(7,182)	1,769	(1,769)	-
Derivatives	-	1	1	49	50
	14,365	(7,447)	6,918	(2,291)	4,627
Deferred tax assets:					
Provisions	(2,284)	(88)	(2,372)	355	(2,017)
Receivables	-	-	-	(5,919)	(5,919)
Inventories	(889)	53	(836)	40	(796)
Derivatives	(18,452)	11,596	(6,856)	6,856	-
Unutilised tax losses	(337)	-	(337)	(561)	(898)
	(21,962)	11,561	(10,401)	771	(9,630)
	(7,597)	4,114	(3,483)	(1,520)	(5,003)

	31.12.2017 RM'000	31.12.2016 RM'000 (Restated)	1.1.2016 RM'000 (Restated)
Presented after appropriate offsetting as follows :			
Deferred tax assets	5,003	3,483	7,597

As at 31 December 2017, deferred tax assets of approximately RM19,633,000 (31.12.2016 : RM14,319,000; 1.1.2016 : RM15,714,000) 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.

34. COMMITMENTS

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
(a) Capital expenditures :				
Approved and contracted for				
- property, plant and equipment	**5,900**	30,670	**753**	163
- investment properties	**400**	1,414	**-**	-
Approved but not contracted for				
- property, plant and equipment	**-**	19,910	**-**	-
	6,300	51,994	**753**	163
(b) Future minimum rentals receivable:				
Within one year	**16,875**	16,105	**3,675**	3,721
Within two to five years	**11,492**	12,746	**3,671**	5,449
After five years	**238**	1,193	**872**	1,275
	28,605	30,044	**8,218**	10,445

34. COMMITMENTS (CONT'D)

(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.

35. RELATED PARTY DISCLOSURES

Sale and purchase of goods and services

In addition to the related party balances disclosed in Notes 22 and 26, 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	
	2017	2016
	RM'000	RM'000
Subsidiaries:		
Purchases	**56,767**	54,389
Sales	**64,357**	58,648
Rental income	**1,455**	1,426
Gross dividends	**15,856**	6,863
Interest income	**4,847**	4,433

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	
	2017	2016
	RM'000	RM'000
Commission on sales and purchases (Note 7)	**8,029**	6,937

During the year, consultancy fees amounting to RM741,000 (2016: RM993,000) was paid by a foreign subsidiary to an entity related to a Director of the foreign subsidiary.

36. 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)	22
Trade and other payables (current and non-current)	26
Loans and borrowings (current and non-current)	25

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.

Unquoted equity instruments
The fair value information for unquoted equity instruments has not been disclosed for the Group's investment in equity instrument that is carried at cost because fair value cannot be measured reliably. This equity instrument represents ordinary shares in companies that are not quoted on any market. The Group does not intend to dispose of this investment in the foreseeable future.

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.

Investment properties
Fair values of investment properties are determined based on valuations conducted by independent professional valuer using the market value basis.

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

(b) Fair value hierarchy

(i) The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

At 31 December 2017	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Group				
Assets				
Available for sale				
- Equity instruments				
(quoted in Malaysia)	75,491	75,491	-	-
(quoted outside Malaysia)	517,615	517,615	-	-
Derivatives	205	-	205	-
	593,311	593,106	205	-
Company				
Assets				
Available for sale				
- Equity instruments				
(quoted in Malaysia)	71,958	71,958	-	-
(quoted outside Malaysia)	118,578	118,578	-	-
Derivatives	205	-	205	-
	190,741	190,536	205	-

At 31 December 2016 (Restated)	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Group				
Assets				
Available for sale				
- Equity instruments				
(quoted in Malaysia)	72,954	72,954	-	-
(quoted outside Malaysia)	304,564	304,564	-	-
Derivatives	5,754	-	5,754	-
	383,272	377,518	5,754	-
Liabilities				
Derivatives	28,568	-	28,568	-
Company				
Assets				
Available for sale				
- Equity instruments				
(quoted in Malaysia)	68,668	68,668	-	-
(quoted outside Malaysia)	82,816	82,816	-	-
Derivatives	1	-	1	-
	151,485	151,484	1	-
Liabilities				
Derivatives	28,568	-	28,568	-

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

(b) Fair value of hierarchy (cont'd)

(i) The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy (cont'd):

At 1 January 2016 (Restated)	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Group				
Assets				
Available for sale				
- Equity instruments				
(quoted in Malaysia)	94,027	94,027	-	-
(quoted outside Malaysia)	265,545	265,545	-	-
Derivatives	2,284	-	2,284	-
	361,856	359,572	2,284	-
Liabilities				
Derivatives	76,885	-	76,885	-
Company				
Assets				
Available for sale				
- Equity instruments				
(quoted in Malaysia)	90,271	90,271	-	-
(quoted outside Malaysia)	61,439	61,439	-	-
	151,710	151,710	-	-
Liabilities				
Derivatives	76,885	-	76,885	-

(ii) The following table shows an analysis of the investment properties disclosed at fair value:

	Total RM'000	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Group				
At 31 December 2017	**429,078**	**-**	**-**	**429,078**
At 31 December 2016	442,141	-	-	442,141
Company				
At 31 December 2017	**141,438**	**-**	**-**	**141,438**
At 31 December 2016	137,319	-	-	137,319

During the reporting years ended 31 December 2017, 31 December 2016 and 1 January 2016, there were no transfers between the hierarchy fair value measurement.

37. 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 2017. 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.

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:

		Group		Company	
	Note	**2017**	2016	**2017**	2016
		RM'000	RM'000	**RM'000**	RM'000
Fixed rate instruments					
Deposits with banks and foreign financial institutions	24	**730,245**	739,734	**476,182**	513,266
Floating rate instruments					
Money market funds	24	**191,085**	211,850	**51,280**	79,562
Bank overdrafts	25	**(19,309)**	(21,229)	**(19,309)**	(21,229)
Notes Payable	25	**(231,683)**	(271,802)	**-**	-
		(59,907)	(81,181)	**31,971**	58,333

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 RM58,000 (2016 : RM150,000) and RM229,000 (2016 : RM197,000) respectively.

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

37. 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
2017								
Financial assets								
Trade receivables	-	-	-	-	-	11,658	-	11,658
Cash and bank balances	-	-	36,543	42,758	270,799	479,641	12,781	842,522
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

37. 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
2016								
Financial assets								
Trade receivables	-	-	-	-	-	44,012	-	44,012
Cash and bank balances	42,489	-	57,985	-	225,046	496,439	2,623	824,582
Financial liabilities								
Trade and other payables	-	-	-	-	(122)	(151)	-	(273)
Net financial assets	42,489	-	57,985	-	224,924	540,300	2,623	868,321
Less : Forward currency contracts	-	-	-	-	-	(35,872)	-	(35,872)
Less : Currency options	-	-	-	-	-	(294,375)	-	(294,375)
Net exposure	42,489	-	57,985	-	224,924	210,053	2,623	538,074

37. 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
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

37. 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
2016								
Financial assets								
Trade receivables	-	-	-	-	-	41,517	-	41,517
Due from subsidiaries	-	-	-	-	27	227,018	166,464	393,509
Cash and bank balances	42,489	-	42,325	-	213,506	228,347	31	526,698
Financial liabilities								
Trade and other payables	-	-	-	-	(122)	(151)	-	(273)
Net financial assets	42,489	-	42,325	-	213,411	496,731	166,495	961,451
Less : Forward currency contracts	-	-	-	-	-	(35,872)	-	(35,872)
Less : Currency options	-	-	-	-	-	(294,375)	-	(294,375)
Net exposure	42,489	-	42,325	-	213,411	166,484	166,495	631,204

37. 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	
	2017	2016	2017	2016	2017	2016
	strengthened/(weakened)		RM'000	RM'000	RM'000	RM'000
USD/RM	**(3.8)**	(0.6)	**(18,076)**	(2,774)	**(16,733)**	(2,535)
SGD/RM	**(2.1)**	1.4	**(5,792)**	3,081	**(4,446)**	2,924
HKD/RM	**(4.2)**	(0.6)	**(538)**	(16)	**(6,457)**	(1,016)
CNY/RM	**(0.1)**	0.0	**-**	-	**-**	-
AUD/RM	**(3.5)**	5.6	**-**	2,396	**-**	2,396
EUR/RM	**(0.1)**	0.0	**-**	-	**-**	-
CAD/RM	**(6.5)**	2.5	**(2,386)**	1,438	**(2,702)**	1,050
Total			**(26,792)**	4,125	**(30,338)**	2,819

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations arising principally from payables and borrowings due to shortage of funds.

As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents and stand-by credit facilities from financial institutions to meet its working capital requirements and to achieve overall cost effectiveness.

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

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	**26**	**118,303**	**6,857**	**500**	**125,660**
Loans and borrowings		**31,329**	**221,312**	**-**	**252,641**
		149,632	**228,169**	**500**	**378,301**
Company					
Financial liabilities:					
Trade and other payables	**26**	**76,331**	**4,648**	**500**	**81,479**
Due to subsidiaries	**26**	**60,792**	**-**	**-**	**60,792**
Loans and borrowings		**19,309**	**-**	**-**	**19,309**
Total undiscounted financial liabilities		**156,432**	**4,648**	**500**	**161,580**

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

(c) Liquidity risk (cont'd)

2016	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	26	139,435	11,056	500	150,991
Loans and borrowings		293,597	-	-	293,597
		433,032	11,056	500	444,588
Company					
Financial liabilities:					
Trade and other payables	26	103,040	9,321	500	112,861
Due to subsidiaries	26	64,753	-	-	64,753
Loans and borrowings		21,229	-	-	21,229
Total undiscounted financial liabilities		189,022	9,321	500	198,843

(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.

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	
	2017	2016
	RM	RM
	RM'000	RM'000
Corporate guarantees for borrowing facilities granted by financial institutions to subsidiaries	**231,683**	271,802

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.

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

(d) Credit risk (cont'd)

Credit risk concentration profile

The Group determines 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			
	2017		2016	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	**55,201**	**77**	51,528	64
Singapore	**4,639**	**6**	22,624	28
Other countries	**11,871**	**17**	6,744	8
	71,711	**100**	80,896	100
By industry sectors:				
Manufacturing	**46,093**	**64**	51,094	63
Property development and investment	**19,888**	**28**	25,180	31
Hotel and resort	**5,730**	**8**	4,622	6
	71,711	**100**	80,896	100

(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.

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

(e) Market price risk (cont'd)

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 8%, 13%, 33%, 23% and 7% (2016: 2%, 10%, 16%, 20% and 10%) respectively with all other variables held constant, the effects on other comprehensive income for the Group would have been as follows:

	Group		Company	
Other comprehensive income	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Listed in Malaysia				
- increase by	**6,039**	1,207	**5,757**	1,373
- decrease by	**(6,039)**	(1,207)	**(5,757)**	(1,373)
Listed in Singapore				
- increase by	**14,083**	8,575	**9,810**	5,952
- decrease by	**(14,083)**	(8,575)	**(9,810)**	(5,952)
Listed in Hong Kong				
- increase by	**127,771**	32,729	**6,936**	1,651
- decrease by	**(127,771)**	(32,729)	**(6,936)**	(1,651)
Listed in United States of America				
- increase by	**3,884**	1,756	**3,884**	1,756
- decrease by	**(3,884)**	(1,756)	**(3,884)**	(1,756)
Listed in France				
- increase by	**365**	419	**365**	419
- decrease by	**(365)**	(419)	**(365)**	(419)

(f) Changes in liabilities arising from financing activities

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

38. 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.

39. 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.

39. 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	108,814	-	9,553	-	-	1,189,654
- Inter-segment sales	99,789	-	1,456	30,109	15,856	-	(147,210)	-
Total revenue	931,368	239,708	110,270	30,109	25,409	-	(147,210)	1,189,654
Results								
Operating results	(22,911)	(71,320)	32,917	11,624	(11,684)	-	108,458	47,084
Foreign exchange loss	-	-	-	-	-	(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
Profit before tax	(23,524)	(77,870)	32,665	11,624	(15,544)	(4,793)	108,458	31,016
Income tax expense								(7,993)
Profit net of tax								23,023

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	535,589	48,725	1,514,577	77,385	2,916,562
Unallocated assets							10,815
Consolidated total assets							2,927,377
Segment liabilities	69,207	265,067	54,042	1,695	21	782	390,814
Unallocated liabilities							17,512
Consolidated total liabilities							408,326
OTHER INFORMATION							
Capital expenditure	2,719	47,108	1,476	231	-	-	51,534
Depreciation	5,154	25,809	4,390	319	-	-	35,672
Amortisation	113	16	-	296	-	-	425
Impairment loss/(write back) on trade receivebles	-	65	24	-	-	-	89
Net fair value (gain)/loss on derivatives	(28,772)	3,872	-	-	-	-	(24,900)

NOTES TO THE FINANCIAL STATEMENTS [Cont'd]
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

39. SEGMENT INFORMATION (cont'd)

2016	**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	687,862	237,219	116,622	-	7,524	-	-	1,049,227
- Inter-segment sales	90,492	-	1,426	33,839	6,863	-	(132,620)	-
Total revenue	778,354	237,219	118,048	33,839	14,387	-	(132,620)	1,049,227
Results								
Operating results	24,662	23,804	34,230	14,330	41,175	-	(7,666)	130,535
Foreign exchange gain	-	-	-	-	-	13,677	29	13,706
Finance costs	(656)	(5,741)	(40)	-	(3,709)	(815)	4,405	(6,556)
Other income	-	-	-	-	-	2,678	-	2,678
Interest income	-	-	-	-	-	19,194	(4,433)	14,761
Share of loss of associates	-	-	-	-	-	(169)	-	(169)
Profit before tax	24,006	18,063	34,190	14,330	37,466	34,565	(7,665)	154,955
Income tax expense								(26,854)
Profit net of tax								128,101

2016	**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	246,387	669,015	565,677	48,642	1,329,244	(1,835)	2,857,130
Unallocated assets							11,086
Consolidated total assets							2,868,216
Segment liabilities	116,911	296,488	70,049	2,601	23	782	486,854
Unallocated liabilities							27,170
Consolidated total liabilities							514,024
OTHER INFORMATION							
Capital expenditure	5,749	16,700	3,861	108	-	-	26,418
Depreciation	5,359	22,811	4,117	294	-	-	32,581
Amortisation	162	16	-	295	-	-	473
Impairment loss/(write back) on trade receivables	2,573	(178)	73	-	-	-	2,468
Net fair value gain on derivatives	(48,318)	(3,109)	-	-	-	-	(51,427)

39. 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	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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	**962,037**	824,503	**1,342**	1,688	**3,665**	2,542	**69,179**	67,127	**153,431**	153,367	**1,189,654**	1,049,227
Segment assets	**1,718,235**	1,819,197	**271,092**	243,860	**388,971**	206,893	**80,626**	71,613	**468,453**	526,653	**2,927,377**	2,868,216
Capital expenditure	**6,926**	9,894	**-**	-	**-**	-	**31,165**	13,883	**13,443**	2,641	**51,534**	26,418

40. SUBSEQUENT EVENT

On 9 March 2018, the Company signed an equity commitment letter to invest EUR 25 million, equivalent to RM121 million ("the Transaction"), in AccorInvest Group S.A. ("AccorInvest").

AccorInvest is a public limited liability company registered in Luxembourg and set up by Accor SA. It is a world leader in hotel real estate, with a current portfolio of 891 hotels. The majority of these hotels are located in Europe, in the economy and midscale segments.

A special purpose vehicle will be set up in which the Company together with other investors will acquire the shares of AccorInvest. The Transaction is subject to certain regulatory approvals and will be submitted to the works council and to a shareholders' meeting of Accor SA for consultation. An agreement is expected to be finalised and signed by the respective parties in the second quarter of 2018.The Transaction is expected to be satisfied by internally generated funds of the Company.

41. RESTATEMENTS

As disclosed in Note 28, the Group and the Company use currency options to manage some of the exposure from foreign currency transactions. Retrospective adjustments have been made to restate the Statements of Financial Position as at 1 January 2016 and 31 December 2016 and the Statements of Comprehensive Income for the year ended 31 December 2016, to measure the currency options at fair value in accordance with FRS 139. Resulting adjustments have also been made to deferred tax.

The effects of the above restatements are as follows:

(a) Statements of financial position as at 31 December 2016

	As previously stated RM'000	Increase/ (Decrease) RM'000	As restated RM'000
Group			
Derivatives liabilities	-	28,568	28,568
Deferred tax assets	-	3,483	3,483
Deferred tax liabilities	29,389	(3,373)	26,016
Retained earnings	1,594,417	(21,712)	1,572,705
Company			
Derivatives liabilities	-	28,568	28,568
Deferred tax assets	-	3,483	3,483
Deferred tax liabilities	3,373	(3,373)	-
Retained earnings	1,332,017	(21,712)	1,310,305

(b) Statements of financial position as at 1 January 2016

	As previously stated RM'000	Increase/ (Decrease) RM'000	As restated RM'000
Group			
Derivatives liabilities	33,319	43,566	76,885
Deferred tax assets	-	7,597	7,597
Deferred tax liabilities	25,228	(2,859)	22,369
Retained earnings	1,517,461	(33,110)	1,484,351
Company			
Derivatives liabilities	33,319	43,566	76,885
Deferred tax assets	-	7,597	7,597
Deferred tax liabilities	2,859	(2,859)	-
Retained earnings	1,281,957	(33,110)	1,248,847

41. RESTATEMENTS (cont'd)

(c) Statements of comprehensive income for the year ended 31 December 2016

	As previously stated RM'000	Increase/ (Decrease) RM'000	As restated RM'000
Group			
Other income	107,039	14,998	122,037
Profit before tax	139,957	14,998	154,955
Income tax expense	(23,254)	(3,600)	(26,854)
Profit net of tax	116,703	11,398	128,101
Company			
Other income	102,896	14,998	117,894
Profit before tax	93,687	14,998	108,685
Income tax expense	(7,690)	(3,600)	(11,290)
Profit net of tax	85,997	11,398	97,395

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 6 April 2018.

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 30 MARCH 2018

Issued and Paid-up Share Capital	:	RM361,477,110.00 divided into 361,477,110 ordinary shares
No. of Treasury Shares held by the Company	:	2,163,500
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per ordinary share

A. SIZE OF SHAREHOLDINGS

Holdings	No. of Holders	Total Holdings	Percentage (%)
Less than 100	161	5,720	0.00
100 to 1,000	1,071	889,118	0.25
1,001 to 10,000	5,174	20,841,792	5.80
10,001 to 100,000	1,750	49,514,150	13.78
100,001 to 17,968,179 *	214	107,503,701	29.92
17,968,180 and above **	4	180,559,129	50.25
	8,374	359,313,610 ***	100.00

* Less than 5% of Issued Shares
** 5% and above of Issued Shares
*** Exclude Treasury Shares of 2,163,500

B. 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)	85,038,678	23.67
2.	Ho Yeow Koon And Sons Private Limited	53,637,289	14.93
3.	Ho Eng Chong @ Ho Kian Cheong	23,658,162	6.58
4.	Plentong Quarry (M) Sdn Bhd	18,225,000	5.07
5.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for UBS AG Hong Kong (Foreign)	12,012,272	3.34
6.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	5,416,825	1.51
7.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Vuitton Assets Ltd	4,500,000	1.25
8.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Liteace Management Ltd	4,500,000	1.25
9.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Skytrax Ventures Ltd	4,500,000	1.25
10.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Laser Ace Ventures Ltd	4,500,000	1.25
11.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	3,366,134	0.94
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8016787)	2,824,750	0.79
13.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	2,504,000	0.69
14.	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8106483)	2,325,500	0.65
15.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Deutsche Bank AG Singapore (Maybank SG PWM)	1,866,300	0.52
16.	Tunku Zahrah Binti Tunku Osman	1,545,000	0.43

ANALYSIS OF SHAREHOLDINGS (Cont'd)

B. 30 LARGEST SHAREHOLDERS (cont'd)

No.	Name	No. of shares held	%
17.	Chinchoo Investment Sdn. Berhad	1,530,000	0.42
18.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,412,207	0.39
19.	Tan Jin Tuan	1,399,333	0.39
20.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian (Hong Kong) Limited (A/C Clients)	1,278,000	0.36
21.	Key Development Sdn. Berhad	1,024,050	0.29
22.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Ho Eng Chong @ Ho Kian Cheong	1,004,274	0.28
23.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank NA Singapore (OCBC PC-NR)	1,000,000	0.28
24.	Lim Peng Jin	1,000,000	0.28
25.	Tan Kien Leng	957,000	0.27
26.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-R ES)	898,000	0.25
27.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	858,750	0.24
28.	Tan Soo Hian	840,000	0.23
29.	Firmstead Realty Sendirian Berhad	835,312	0.23
30.	Tan Kien Ann	818,000	0.23
		245,274,836	68.26

C. SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. of Shares	(%)	No. of Shares	(%)
Ho Yeow Koon And Sons Private Limited	53,637,289	14.93	21,920,512 [1]	6.10
Dato' Ho Cheng Chong @ Ho Kian Hock	24,898,087	6.93	98,370,073 [2]	27.38
Ho Kim Swee @ Ho Kian Guan	24,395,538	6.79	98,370,073 [2]	27.38
Ho Eng Chong @ Ho Kian Cheong	24,662,436	6.86	18,000,000 [3]	5.01
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 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

		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	98,370,073 [1]	27.38
2.	Ho Kim Swee @ Ho Kian Guan	24,395,538	6.79	98,370,073 [1]	27.38
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	13,061,434 [3]	3.64
5.	Lee Huee Nan @ Lee Hwee Leng (f)	88,593	0.02	–	–
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(f)]	–	–	–	–
13.	Ho Chung Tao (Alternate Director to Chan Lui Ming Ivan)	–	–	–	–

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 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.*

3 *Deemed interest in shares held by his mother, Ho Chin Chin.*

E. LIST OF DIRECTORS' SHAREHOLDINGS IN SUBSIDIARY COMPANY: LIM & LIM PLANTATIONS BERHAD

		Direct Interest		Deemed 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 (f)	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 Kain (He ChongJing), Ho Chung Hui and Ho Chung Tao 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 2017

LAND FOR AGRICULTURE AND HOUSING DEVELOPMENT

Estate/ Housing Project	Location	Tenure	Area	Description	Approximate Age Of Building (Years)	Net Carrying Amount RM'000	Date Of Last Revaluation(#) /Date Of Acquisition
Tanjong Puteri Golf Resort	35 km south-east of Johor Bahru. Adjacent to Pasir Gudang Industrial Estate.	Freehold	208 hec (Land area)	54 holes golf course, clubs and other recreational facilities.	–	86,823	18-04-1980 #
Bandar Baru Kangkar Pulai	27 km Pontian Road immediately after Kangkar Pulai Village.	Freehold/ Leasehold	2,163,364 sq metres (Development area)	Development of residential & commercial units including area planted with oil palm. The 99 years lease expires in 2102.	–	187,496	18-04-1980 #
Tanjong Puteri Resort	35 km south-east of Johor Bahru. Adjacent to Pasir Gudang Industrial Estate.	Freehold	2,465,748 sq metres (Development area)	Development of residential & commercial units including area planted with oil palm.	–	46,961	18-04-1980 #
Taman Daya	13 km north-east of Johor Bahru. (near Kampong Baru, Kangkar Tebrau)	Freehold	239,601 sq metres (Development area)	Development of residential & commercial units.	–	15,266	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.	–	30,183	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 Alana Waikiki Hotel (317 Rooms) with an adjoining 7 storey office building occupying a total land area of 3,315 sq metres.	46	116,527	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.	4	299,634	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.	22	56,019	15-08-1996

PARTICULARS OF GROUP PROPERTIES 2017 (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.	53	46,818	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.	27	52,881	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.	38	5,014	25-09-1980
Double-Storey Villa	Tanjong Puteri Golf Resort, Pasir Gudang, Johor.	Freehold	47,219 sq metres (Land area)	34-units for recreation.	21	4,885	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.	37	38	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.	8	4,126	01-05-2010

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Eighth (48th) Annual General Meeting of KECK SENG (MALAYSIA) BERHAD will be held at the Conference Room of Tanjong Puteri Golf Resort Berhad, Pasir Gudang, Johor on Wednesday, 30 May 2018 at 11.00 a.m. for the following purposes:

AGENDA **ORDINARY BUSINESS**	**Resolution on Proxy Form**
1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.	*(Please refer to Explanatory Note 1)*
2. To declare a Single Tier Final Dividend of 6 sen per share in respect of the financial year ended 31 December 2017.	*(Resolution 1)*
3. To approve the payment of Directors' Fees of RM835,000 in respect of the financial year ended 31 December 2017.	*(Resolution 2)*
4. To approve the payment of Directors' Benefits up to RM450,000 for the period from 1 January 2018 up to the conclusion of the 49th Annual General Meeting in year 2019.	*(Resolution 3)*
5. To re-elect the following Directors who retire pursuant to Article 78 of the Company's Articles of Association, constituting part of the Constitution of the Company: -	
(i) Dato' Ho Cheng Chong @ Ho Kian Hock	*(Resolution 4)*
(ii) Ms. Lee Huee Nan @ Lee Hwee Leng	*(Resolution 5)*
(iii) Mr. Too Hing Yeap @ Too Heng Yip	*(Resolution 6)*
6. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration.	*(Resolution 7)*

SPECIAL BUSINESS

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

7. **ORDINARY RESOLUTION 1**
RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

(i) YM Tengku Yunus Kamaruddin *(Resolution 8)*

"THAT approval be and is hereby given to YM Tengku Yunus Kamaruddin who has served as 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."

(ii) Maj-Gen (R) Dato' Muhammad Bin Yunus *(Resolution 9)*

"THAT approval be and is hereby given to Maj-Gen (R) Dato' Muhammad Bin Yunus who has served as 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."

8. **ORDINARY RESOLUTION 2** *(Resolution 10)*
AUTHORITY TO DIRECTORS TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

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

9. **ORDINARY RESOLUTION 3** *(Resolution 11)*
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR PROPOSED SHARE BUY-BACK

"THAT subject always to the Companies Act 2016 ("Act"), the provisions of the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, 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 Malaysia Securities Berhad ("Bursa Malaysia") upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that :

(i) the aggregate number of shares purchased and/or held does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Malaysia as at the point of purchase;

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

(iii) The Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or to deal with the treasury shares in the manner allowed by the Act.

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

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

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

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

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase(s) with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be required or imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter in accordance with the Act, the provisions of the Constitution of the Company and the requirements and/or guidelines of Bursa Malaysia for the Main Market and all other relevant governmental and/or regulatory authorities."

10. **ORDINARY RESOLUTION 4** *(Resolution 12)*
PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Company and/or its subsidiaries shall be mandated to enter into with the related party the category of recurrent related party transactions of a revenue or trading nature as specified in Sections 2.4 and 2.5 of Part B of the Circular to shareholders dated 30 April 2018 ("Circular") subject further to the following:-

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

(ii) disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year in the manner required under the Listing Requirements and as set out in Section 2.5 of Part B of the Circular; and

(iii) that the shareholders' mandate shall continue in force until:-

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

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

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

whichever is the earlier; and

(iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

11. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD
KECK SENG (MALAYSIA) BERHAD

YONG MAY LI (F)
(LS0000295)
Company Secretary

Johor Bahru
30 April 2018

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Notes:

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

2. Where a member of the Company or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.

6. The Proxy Form must be deposited with the Company Secretary at the Registered Office situated at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor not less than 48 hours before the time set for holding the Meeting.

7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 21 May 2018 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.

Explanatory Notes:

Ordinary Business

1. **Item 1 of the Agenda**
   This Agenda item is meant for discussion only as an approval from shareholders for the Audited Financial Statements is not required pursuant to the provisions of Sections 248(2) and 340(1) of the Companies Act 2016. Hence, this Agenda item is not put forward for voting by shareholders of the Company.

2. **Item 4 of the Agenda**
   Resolution 3
   Directors' Benefits for the period from 1 January 2018 up to the conclusion of the 49th Annual General Meeting in year 2019
   The estimate of Directors' Benefits will comprise of expenses and incidentals relating to the attendance of the Company's Meetings.

Special Business

1. **Item 7 of the Agenda**
   Resolutions 8 and 9
   Retention of Independent Non-Executive Directors
   The Board of Directors has recommended YM Tengku Yunus Kamaruddin and Maj-Gen (R) Dato' Muhammad Bin Yunus, who have served as Independent Non-Executive Directors ("INEDs") of the Company for a cumulative term of more than nine (9) years, to continue to serve as an INEDs. Please refer to pages 31 to 32 as stated in the Statement on Corporate Governance of the Company's Annual Report for detailed information and justification.

2. **Item 8 of the Agenda**
   Resolution 10
   Authority to Directors to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016
   This is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 30 May 2017 (" the previous Mandate"). The previous Mandate was not utilized and accordingly no proceeds were issued.

   The proposed Resolution 10, if passed, would provide flexibility to the Company to undertake fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for allotment of shares as settlement of purchase consideration by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to the mandate does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier.

3. **Item 9 of the Agenda**
   Resolution 11
   Proposed Renewal of Shareholders' Mandate for Proposed Share Buy-Back
   The proposed Resolution 11, if passed, will renew the mandate for the Company to buy back its own shares. The mandate shall continue to be in force until the date of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting and is subject to annual renewal. Further information on this resolution is set out in Part A of the Circular to shareholders dated 30 April 2018, which is sent out together with the Annual Report 2017 of the Company.

4. **Item 10 of the Agenda**
   Resolution 12
   Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
   The proposed Resolution 12, if passed, will renew the mandate for the Company to enter into the categories of recurrent transactions of a revenue or trading nature with the related party as specified in Section 2.5 of Part B of the Circular to shareholders dated 30 April 2018, which is sent out together with the Company's Annual Report 2017. The mandate shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by resolution passed by the shareholders in general meeting and is subject to annual renewal.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN THAT the Single Tier Final Dividend of 6 sen per share in respect of the financial year ended 31 December 2017, if approved at the forthcoming 48th Annual General Meeting of the Company, will be paid on 18 July 2018 to depositors registered in the Record of Depositors at the close of business on 29 June 2018.

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 29 June 2018 in respect of ordinary transfers; and

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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

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

General mandate for issues of securities pursuant to Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016 is for the purpose of granting a renewal of the general mandate obtained from its shareholders at the 47th Annual General Meeting held on 30 May 2017.

The Company did not issue any shares pursuant to this mandate obtained.

The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

FORM OF PROXY

No. of Shares held	CDS Account No.

I/We ______________________________ (NRIC No./Passport No./Company No. ______________________)

of ____

(or attorney of the said ____)

a Member/Members of KECK SENG (MALAYSIA) BERHAD hereby appoint:

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and / *or (*delete as appropriate)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing them, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Forty-Eighth (48th) Annual General Meeting of the Company to be held at the Conference Room of Tanjong Puteri Golf Resort Berhad, Pasir Gudang, Johor on Wednesday, 30 May 2018 at 11.00 a.m. and at any adjournment thereof.

Item	Agenda			
ORDINARY BUSINESS		**RESOLUTION**	*** FOR**	*** AGAINST**
1.	Declaration of a Single Tier Final Dividend of 6 sen per share	**1**		
2.	Approval of Directors' Fees for financial year ended 31 December 2017	**2**		
3.	Approval of Directors' Benefits for the period from 1 January 2018 up to the conclusion of the 49th Annual General Meeting in the year 2019	**3**		
4.	Re-election of Directors who retire pursuant to Article 78 of the Company's Article of Association : (i) Dato' Ho Cheng Chong @ Ho Kian Hock	**4**		
	(ii) Ms. Lee Huee Nan @ Lee Hwee Leng	**5**		
	(iii) Mr. Too Hing Yeap @ Too Heng Yip	**6**		
5.	Re-appointment of Messrs. Ernst & Young as Auditors	**7**		
SPECIAL BUSINESS				
6.	Retention of the following Directors as Independent Non-Executive Directors : (i) YM Tengku Yunus Kamaruddin	**8**		
	(ii) Maj-Gen (R) Dato' Muhammad Bin Yunus	**9**		
7.	Authority to Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	**10**		
8.	Proposed Renewal of Shareholders' Mandate for Proposed Share Buy-Back	**11**		
9.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	**12**		

(*Please indicate with an "X" in the space provided and to show how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion).

Dated this ________ day of ______________________ 2018.

____
Signature/Common Seal of Shareholder

Contact No: ____________________

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THE COMPANY SECRETARY
KECK SENG (MALAYSIA) BERHAD (8157-D)
Suite 1301, 13th Floor, City Plaza,
Jalan Tebrau,
80300 Johor Bahru,
Johor, Malaysia.

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