SIN HENG CHAN (MALAYA) BERHAD (4690-V)
(Incorporated in Malaysia)

ANNUAL REPORT

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Second (52nd) Annual General Meeting of the Company will be held at Dillenia & Eugenia Rooms, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 8 May 2014 at 10:00 a.m. for the following purposes:

AGENDA

Ordinary Businesses

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors thereon.

2. To re-elect the Directors who retire in accordance with Article 94 of the Articles of Association of the Company:

   (a) Tuan Syed Omar Bin Syed Abdullah — **Ordinary Resolution 1**
   (b) YBM Tunku Mahmood Bin Tunku Mohammed D.K. — **Ordinary Resolution 2**

3. To re-elect Mr. Mak Hon Weng, who retires in accordance with Article 100 of the Articles of Association of the Company. — **Ordinary Resolution 3**

4. To approve the payment of Directors' fees amounting to RM30,000.00 for the financial year ended 31 December 2013. — **Ordinary Resolution 4**

5. To re-appoint Messrs. Ecovis AHL as Auditors and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 5**

Special Businesses

6 To consider and, if thought fit, to pass the following Ordinary and Special Resolutions:

- **Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965** — **Ordinary Resolution 6**

  "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and to issue shares in the share capital of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being.

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

- **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed Additional Shareholder's Mandate for Recurrent Related Party Transactions** **Ordinary Resolution 7**

"THAT subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its Subsidiaries to enter into all transactions involving the Related Parties as specified in the Section 2.4.1 and 2.4.2 of the Circular to Shareholders dated 15 April 2014 provided that such transactions are:

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders.

AND THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM"), at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
(iii) revoked or varied by a resolution passed by the Shareholders in a General Meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as it may be required) as they may consider expedient or necessary to give effect to the Mandate."

- **Retention of Independent Non-Executive Director** **Ordinary Resolution 8**

"THAT approval be and is hereby given to YBM Tunku Mahmood Bin Tunku Mohammed D.K., who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."

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

BY ORDER OF THE BOARD

LIM SIEW TING
Secretary

Kuala Lumpur
15 April 2014

Explanatory Notes to Special Businesses

(i) Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965 (Resolution 6)

The Proposed Ordinary Resolution 6, if passed, will empower the Directors from the date of the Fifty-Second (52nd) Annual General Meeting ("AGM") to allot and issue up to a maximum of 10% of the issued share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 15 May 2013 and which will lapse at the conclusion of the Fifty-Second (52nd) AGM of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

(ii) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed Additional Shareholders' Mandate for Recurrent Related Party Transactions (Resolution 7)

The Proposed Ordinary Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of Related Parties, which are of a revenue or trading nature and necessary for Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

(iii) Retention of Independent Non-Executive Director (Resolution 8)

The Nomination Committee has assessed the independence of YBM Tunku Mahmood Bin Tunku Mohammed D.K., who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

(i) He fulfilled the criteria under the definition of an Independent Director, as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board;
(ii) His years of experience as a businessman enabled him to provide the Board with a diverse set of experience, expertise and independent judgement; and
(iii) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposal from the Management.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Act shall not apply to the Company.

2. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies it may appoint in respect of each Omnibus Account.

3. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorised in writing.

4. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.

5. To be valid, the original Form of Proxy, must be completed and deposited at the Registered Office of the Company at Suite 2.02, Level 2, Wisma E & C, No. 2, Jalan Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

6. The lodging of a completed Form of Proxy will not preclude a member from attending and voting in person at the meeting should the member subsequently wish to do so, however such attendance would be an automatic revocation of the proxy's authority unless an intimation in writing has been made to the Company at the registered office.

7. For the purposes of determining a member entitled to attend the meeting, the Company will request Bursa Malaysia Depository Sdn Bhd (in accordance with Article 66(b) of the Company's Articles of Association), to issue the Record of Depositors ("ROD") as at 2 May 2014 for determining the depositors who shall be deemed to be the registered holders of the shares of the Company eligible to be present and vote at the meeting. Only a depositor whose name appears on the ROD as at 2 May 2014 shall be entitled to attend the meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The following are Directors who are standing for re-election at the Annual General Meeting of the Company:

(i) Tuan Syed Omar Bin Syed Abdullah
(ii) YBM Tunku Mahmood Bin Tunku Mohammed D.K.
(iii) Mr. Mak Hon Weng

The profiles of the above Directors are set out in the Section entitled "Profile of Directors" on page 9 and 10 of this Annual Report. The details of their securities holding in the Company and Subsidiaries are stated on page 97 of this Annual Report.

2. DETAILS OF ATTENDANCE OF DIRECTORS

A total of four (4) Board Meetings were held during the financial year ended 31 December 2013.

Details of the Directors' attendance during the financial year are as follows:

Directors	No. of Meetings Attended
Tuan Syed Omar Bin Syed Abdullah	4/4
Dato' Choo Keng Weng	4/4
YBM Tunku Mahmood Bin Tunku Mohammed D.K.	4/4
Encik Mohd Shariff Bin Salleh (Resigned on 31 March 2014)	4/4
Mr. Thomas Tuan Kit Kwong	4/4

The four (4) Board meetings were held at the following dates, time and place:

Date	Time	Place of Meetings
25.02.2013	11:00 a.m.	Board Room, Level 3, Wisma E & C No. 2, Lorong Dungun Kiri Damansara Heights 50490 Kuala Lumpur, Malaysia
15.05.2013	12:00 p.m.	Banyan & Casuarina Rooms, Ground Floor Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1 60000 Kuala Lumpur. Malaysia
29.08.2013	3:00 p.m.	Board Room, Level 3, Wisma E & C No. 2, Lorong Dungun Kiri Damansara Heights 50490 Kuala Lumpur, Malaysia
28.11.2013	11:00 a.m.	Board Room, Level 3, Wisma E & C No. 2, Lorong Dungun Kiri Damansara Heights 50490 Kuala Lumpur, Malaysia

3. DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

The Fifty-Second (52nd) Annual General Meeting of SIN HENG CHAN (MALAYA) BERHAD will be held as follows:

Date : Thursday, 8 May 2014
Time : 10:00 a.m.
Place : Dillenia & Eugenia Rooms, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tuan Syed Omar Bin Syed Abdullah
Chairman / Non-Independent Executive

Dato' Choo Keng Weng
Managing Director / Non-Independent Executive

YBM Tunku Mahmood Bin Tunku Mohammed D.K.
Independent Non-Executive

Mr. Thomas Tuan Kit Kwong
Independent Non-Executive

Mr. Mak Hon Weng
Independent Non-Executive

AUDIT COMMITTEE

Mr. Thomas Tuan Kit Kwong
Chairman / Independent Non-Executive

YBM Tunku Mahmood Bin Tunku Mohammed D.K.
Member / Independent Non-Executive

Mr. Mak Hon Weng
Member / Independent Non-Executive

COMPANY SECRETARY

Lim Siew Ting
(MAICSA 7029466)

REGISTERED OFFICE

Suite 2.02, Level 2
Wisma E & C
No. 2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 03-2094 7992
Fax : 03-2093 5571

BUSINESS OFFICE

Level 3,Wisma E & C
No. 2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 03-2094 7992
Fax : 03-2094 7996

SHARE REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
CIMB Bank Berhad

AUDITORS

Ecovis AHL

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
(Listed since 26 July 1973)
Stock Name : SHCHAN
Stock Code : 4316

WEBSITE

www.shcm.com.my

CORPORATE STRUCTURE

SIN HENG CHAN (MALAYA) BERHAD (4690-V)
(Incorporated in Malaysia)

- **100%** SHC TECHNOPALM PLANTATION SERVICES SDN BHD
- **100%** URUN PLANTATIONS SDN BHD
- **100%** SHC TUBAU PLANTATION SDN BHD
  - **100%** TUBAU CORPORATION SDN BHD
- **100%** AYAM SEGAR SDN BHD
- **100%** GOLDKIST (MALAYSIA) SDN BHD
- **100%** GOLDKIST (NS) SDN BHD
- **100%** KUALA LUMPUR FEEDMILL SDN BHD
- **100%** SIN HENG CHAN FEED SDN BHD
- **100%** SHC REALTY SDN BHD

PROFILE OF DIRECTORS

TUAN SYED OMAR BIN SYED ABDULLAH

Chairman / Non-Independent Executive Director

Tuan Syed Omar Bin Syed Abdullah, aged 58, a Malaysian citizen, is the Chairman of the Company. He was appointed to the Board of Directors on 28 April 1995. He was a Press Secretary to the Chief Minister of Johor Darul Takzim, from 1986 to 1990 and the Political Secretary to the Minister of Law of the Prime Minister's Department from 1990 to 1994. He also sits on the boards of several private limited companies.

He does not have any family relationship with any Directors and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

DATO' CHOO KENG WENG

Managing Director / Non-Independent Executive Director

Dato' Choo Keng Weng, aged 64, a Malaysian citizen, is a businessman with varied interest and investments in Malaysia and overseas. He was appointed as Managing Director of Sin Heng Chan (Malaya) Berhad on 17 June 1995 and is a member of the Remuneration Committee of the Company. He holds degrees in Bachelor of Science and Master in Business Administration (MBA) in Finance (USA).

After graduation in 1978, he served in various corporate positions overseas and in Malaysia. He has vast experience in consumer food products, manufacturing and trading, property investment, plantation and timber manufacturing. Presently, Dato' Choo Keng Weng also serves on the board of several non-listed companies.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

YBM TUNKU MAHMOOD BIN TUNKU MOHAMMED D.K.

Independent Non-Executive Director

YBM Tunku Mahmood Bin Tunku Mohammed D.K., aged 69, a Malaysian citizen, was appointed as Director of the Company in January 1999. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company.

YBM Tunku Mahmood Bin Tunku Mohammed D.K. served the military for many years. He is a businessman and is involved with plantation and hospitality business. He is also a Director of Java Berhad, a public company listed on the Bursa Malaysia Securities Berhad. He also serves on the board of several other private companies. In 2012, YBM Tunku Mahmood was appointed as "Jumaah Majlis Diraja Johor".

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

MR. THOMAS TUAN KIT KWONG

Independent Non-Executive Director

Mr. Thomas Tuan Kit Kwong, aged 50, a Malaysian citizen, was appointed to the Board on 11 November 2011. He is a Chartered Accountant by profession and is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He started his accounting career with Azman, Wong, Salleh & Co. and subsequently joined KPMG Peat Marwick. In 1991, Mr. Thomas joined Syarikat Teratai KG Sdn Bhd as Financial Controller and later was with Kelanamas Industries Berhad. He was appointed as Director and CEO of Pakai Industries Berhad since 1995 and is also a Director of Kingpac Berhad since June 2011. He is also Chairman of Audit Committee and a member of Nominating Committee of the Company.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

MR. MAK HON WENG

Independent Non-Executive Director

Mr. Mak Hon Weng, aged 61, a Malaysian citizen, was appointed to the Board on 21 March 2014. He first qualified as an Accountant from the Association of Chartered Certified Accountants, UK (ACCA) in 1975 and admitted as a Fellow of the accounting body (FCCA) in 1984. Besides being a Fellow of ACCA, he is also an associate member of the Institute of Chartered Secretaries and Administrators (AICSA) since 1981. He was also admitted as a Chartered Accountant of the Malaysian Institute of Accountants (MIA) in the same year.

He has more than 35 years of experience in senior managerial position, mostly in the banking industry. He had served with the Malaysian Industrial Development Finance Bhd (MIDF), OCBC, Public Bank Bhd and lastly with Alliance Bank Malaysia Bhd as its Senior Vice President of its Corporate and Commercial Banking, specialising in project financing for the real estate and contract sector.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

Notes to Directors' Profile:

1. **ATTENDANCE AT BOARD MEETINGS**
   The details of the Directors' attendance at Board Meetings are set out on page 6 and 15 of this Annual Report.

2. **SHAREHOLDINGS**
   The details of the Directors' interest in the securities of the Company are set out on page 97 of this Annual Report.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present herewith the Annual Report and the Audited Financial Statements of Sin Heng Chan (Malaya) Berhad ("Company") and its group of companies ("Group") for the financial year ended 31 December 2013.

FINANCIAL REVIEW

During the Financial Year ("FY") 2013, the oil palm industry experienced weakening of the crude palm oil ("CPO") prices as well as export prices on palm oil produce due to the extremely high levels of inventory of oil palm in the country. As a result, the Group registered a lower revenue of RM17.56 million compared to RM23.24 million in the FY 2012 due to lower average CPO price of RM2,375 per MT compared to RM2,862 per MT in FY 2012 and lower production volume. The lower production volume was attributed by the unfavourable weather conditions and shortage in labour.

Despite the lower revenue of the Group, the Group registered a Profit After Tax ("PAT") of RM0.463 million during the financial year mainly attributed to the gain recognised from the exchange of land in Melaka, which relates to the agreement reached by the Melaka State Government and the Pejabat Daerah dan Tanah Melaka Tengah to alienate to the Company a piece of land located in Pantai Klebang, Melaka premised on the Consent Judgement issued by the High Court of Malaya in Melaka on 7 December 2013. The alienation of Pantai Klebang land by the Melaka State Government to the Company was in consideration of the Company surrendering their leased land known as Lots 140, 141, 142, 149, 150 & 151, Kawasan Bandar VIII, Daerah Melaka Tengah, Melaka and withdrawing of the legal actions undertaken by the Company against the Melaka State Government and land administrator for damages in respect of a wrongful acquisition of the Company's two (2) plots of lands.

The lower production volume and CPO prices in FY 2013 has resulted in lower PAT during the financial year in comparison to the PAT of RM3.2 million in the last financial year. As a result, the Group's Basic Earnings Per Share reduced from 2.98 cent to 0.41 cent in FY 2013. The Group's Total Shareholders' Funds has also reduced from RM83.5 to RM82.6 million in FY 2013.

OPERATIONS REVIEW

Plantation

During the year in review, the Group's production of FFB reduced from 43,170 mt in 2012 to 38,710 mt, recording a drop of 10.3%. This is attributed to the adverse and erratic weather conditions, particularly in the first half of the financial year, whereby harvesting efforts were hampered by torrential rain which affected workers' productivity and delivery of fresh fruit bunches to palm oil mills. The drop is also partly contributed by the sharp decrease in total workforce due to a fire incident that destroyed our main harvesters' quarters in May 2013, coupled with the increasing challenges faced by the industry in recruiting foreign workers.

In view of the above, the Group has intensified its efforts in improving workers' welfare and upgrading workers' accommodation during the financial year in order to recruit and retain foreign workers. To ensure long-term sustainability, the Group aims to grow with the local community with various jobs awarded to local contractors to complement with our existing workforce.

The drop in CPO prices during the year has prompted the Group to embark on austerity measures to manage production costs. The Group has developed in-house capabilities in construction, road maintenance and infrastructure development to reduce its reliance on external parties.

To maximise oil extraction and to enhance profitability, constant dialogues were held between plantation and mill management to ensure that good grades of FFB in terms of freshness and ripeness were sent to the mills for processing. The Group will continue to be diligent and place great emphasis on adopting the industry's best estate management practices when developing areas for new planting in order to meet the industry's standards of FFB yields.

The Group has also identified new areas within Urun Plantations for new development, which will take place over the next few years to further strengthen our revenue stream upon maturity.

PROSPECTS

The Malaysian palm oil industry is expected to improve in the current year compared with 2013 with the expectation of higher production and stronger demand from export destinations. The lower Ringgit against the United States Dollar would also increase demand from foreign buyers for oil palm purchases. The CPO price would also be expected to be firm in the current year due to the increasing demand for oil palm from major importing

countries. The increased palm oil demand for biodiesel would be expected to support the CPO prices especially with the Government continuing with the implementation of the B5 programme to promote the use of palm-based as fuel in the country as part of the CPO supply management mechanism to stabilise palm oil prices.

The Group expects to increase its production of FFB due to the increase in new mature areas coming into production and the assumption of normal weather. The Group would also provide more emphasis in improving the overall infrastructure of the estate to ensure efficient transportation of FFB to the mills and increasing the workforce at the estate improve collection of harvest yield.

The Board and Management are fundamentally optimistic about the long-term prospects of the palm oil business in view that global demand for palm productions would continue to grow as palm oil is one of the vital oils in meeting the world's dietary and energy requirements. The Group is also committed to increase new planting areas from its existing land bank in 2014.

Going forward, the Board and the Management aim to look out for new strategic investments and/or strategic joint ventures in order to further enhance the Group's overall competitiveness, particularly to improve operational efficiency. The Group will continue to work towards strengthening its market position and achieving greater economies of scale.

ACKNOWLEDGMENT

The Group's success todate has been made possible by the efforts and sacrifices of our dedicated team of employees. On behalf of the Board of Directors, I wish to express our sincere gratitude to these hardworking individuals and ask that they continue to uphold their commitment to excellence. I would also like to extend our appreciation to all our valued shareholders, customers, business partners, bankers and government authorities for their invaluable support and confidence towards the Group as well as for the unwavering support and contributions made by my fellow Board members during the year.

I wish to thank our outgoing Independent Non-Executive Director, Encik Mohd Shariff Bin Salleh for his invaluable contribution to the Group.

TUAN SYED OMAR BIN SYED ABDULLAH
Chairman

STATEMENT OF CORPORATE GOVERNANCE

Corporate Governance describes the framework and process by which institutions, through their Board of Directors and senior management, regulate their business activities. These principles are to create balance, safe and sound business operations while complying with relevant laws and regulations.

The Board of Directors ("the Board") of the Sin Heng Chan (Malaya) Berhad Group ("Group") recognises that practices of good Corporate Governance form the cornerstone of a responsible, progressive and effective organisation. It also serves to maintain the trust, confidence and good relationship of the Group with its shareholders, employees, customers, suppliers, business associates, regulatory authorities, as well as the members of the communities in which it operates.

The Board is committed to ensuring and maintaining a high standard of corporate governance within the Group as it forms a fundamental part of discharging its responsibilities and the affairs of the Group are always conducted with integrity, transparency and professionalism with the objective of safeguarding the shareholders' investment and ultimately enhancing the shareholders' interest.

This report describes how the Company has applied its corporate governance framework and practices of the Group to comply with the relevant principles of the Malaysian Code on Corporate Governance 2012 ("Code"), Guidance Notes 2 on Corporate Governance and Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

BOARD OF DIRECTORS

Role of the Board of Directors

The Board assumes responsibility for stewardship of the Company and its subsidiaries and is primarily responsible for the protection and enhancement of long term value and returns for the shareholders, and supervising its affairs to ensure its success within a framework of acceptable risks and effective control and in compliance with the relevant laws, regulations, guidelines and directives which governs the Group. It reviews management performance and affairs of the Group and ensures that the necessary financial and human resources are available to meet the Group's objectives. In addition, the Board is directly responsible for decision making in respect of the following matters:

(a) reviewing and adopting strategic plans for the Group;
(b) overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
(c) appointment of directors and key managerial personnel;
(d) announcements including approval and releases of financial results and annual reports;
(e) business strategy including significant acquisition and disposal of subsidiaries or assets or liabilities;
(f) operating budgets, significant investments and capital expenditures; and
(g) corporate policies in keeping with good corporate governance and business practices.

Board Composition and Balance

The strength of the Board lies in the composition of its members, who has a wide range of expertise, extensive experience and diverse background in business, finance and technical knowledge.

As at 31 December 2013, the Board consists of five (5) Directors of whom three (3) are independent. As at 31 December 2013, the composition of Independent Non-Executive Directors has met the minimum prescribed in the Code and Listing Requirements. The list of Directors is as follows:

Executive Directors
Tuan Syed Omar Bin Syed Abdullah - Chairman
Dato' Choo Keng Weng - Managing Director

Independent Non-Executive Directors
Mr. Thomas Tuan Kit Kwong
YBM Tunku Mahmood Bin Tunku Mohammed D.K.
Encik Mohd Shariff Bin Salleh (Resigned on 31 March 2014)

Mr. Mak Hon Weng was appointed as Independent Non-Executive Director of the Company on 21 March 2014.

The composition of the Board will be reviewed, when necessary, to ensure that the current Board size is appropriate and effective, taking into account the nature and scope of the Company's operations.

The Board comprises persons who as a group provide the relevant core competencies and mix of skills in the areas of financial, technical and business to meet the Company's requirements. The Directors' objectives judgement on corporate affairs and collective experience and knowledge are invaluable to the Group. Profiles of the members of the Board, as set out on pages 9 to 10 of this Annual Report.

The Board is led by Tuan Syed Omar Bin Syed Abdullah as the Chairman and the executive management of the Company is led by Dato' Choo Keng Weng, the Managing Director. There is a clear division of responsibilities between the Chairman and Managing Director to ensure that there is a balance of power and authority. The separation of the roles of the Chairman and the Managing Director was to ensure that considerable concentration of power does not lie with any one individual.

Independence of Directors

The Independent Directors play a pivotal role in corporate accountability, which is reflected in their membership of the various Board committees and their attendance of meetings as set out below. The Independent Directors provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Non-Executive Directors ensure that matters and issues brought to the Board are fully discussed and examined, taking into account the interest of all stakeholders in the Group.

All the Independent Non-Executive Directors are independent of management and free from any business tie or other relationships that could materially interfere with the exercise of their independent judgement.

Tenure of Independent Director

YBM Tunku Mahmood Bin Tunku Mohammed D.K. was appointed as Independent Non-Executive Director of the Company on 11 January 1999 and has served as an Independent Director for a cumulative of more than nine (9) years as at the date of the notice of the Fifty-Second (52nd) Annual General Meeting ("AGM") which exceeded the tenure of an Independent Director as set out in the Recommendation 3.2 of the Code.

The Nomination Committee has assessed the independence of YBM Tunku Mahmood Bin Tunku Mohammed D.K.. Pursuant to the Recommendation 3.3 of the Code, the Board strongly recommends to the shareholders at the forthcoming AGM that YBM Tunku Mahmood Bin Tunku Mohammed D.K. continues to act as Independent Non-Executive Director for the purpose based on the following justifications:

- He fulfilled the criteria under the definition of Independent Director as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and thus he would be able to function as check and balance, provide broader view and brings an element of objectivity to the Board;
- His experience as a businessman enabled him to provide the Board with a diverse set of experience, expertise and independent judgement; and
- He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposal from the management.

Board Meetings

The Board meets at least four (4) times during the financial year. The meeting attendance of the individual Directors are as follows:

Directors	No. of Meetings Attended
Tuan Syed Omar Bin Syed Abdullah	4/4
Dato' Choo Keng Weng	4/4
YBM Tunku Mahmood Bin Tunku Mohammed D.K.	4/4
Encik Mohd Shariff Bin Salleh (Resigned on 31 March 2014)	4/4
Mr. Thomas Tuan Kit Kwong	4/4

Supply of Information

To assist the Board in fulfilling its responsibilities, the Directors are sent an agenda and a full set of Board papers providing complete, adequate and timely information prior to the Board meetings, to give Directors time to deliberate on the issues raised at the meetings. The Board has full and unrestricted access to all information pertaining to the businesses and affairs from Senior Management as well as services of the Company Secretary to enable them to discharge duties effectively. In addition to quantitative information, the Directors are also provided with updates on other areas such as market developments and risk management.

The Directors, whether as a group or individually, is entitled to obtain independent professional advice and when necessary in furtherance of their duties at the Company's expenses. The appointment of such professional advisor is subject to the approval of the Board.

Appointment and Re-election

New candidates for appointment as Directors will be reviewed based on the required mix of skills, expertise, experience and other qualities of individuals concerned to constitute an effective board. As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education program for new Board Members.

In accordance with the Company's Articles of Association, one third of Directors shall retire from office and be eligible for re-election at each Annual General Meeting. Re-appointments are not automatic and all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election by shareholders in the Annual General Meeting.

Pursuant to the Listing Requirements, each member of the Board holds not more than 5 (five) directorships in public listed companies. This ensures that the Board's commitment, resources and time are focused on the affairs of the Group to enable them to discharge their duties effectively.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme ("MAP") conducted by Bursa Malaysia Training Sdn Bhd, the training and education arm of Bursa Malaysia Securities Berhad.

All Executive Directors have been with the Company for several years and are familiar with their duties and responsibilities as directors. In addition, the newly appointed Directors will be given briefings and orientation by the Executive Director and top management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors.

The Directors are regularly updated on new statutory and regulatory requirements and the impact and implication to the Group and Directors in carrying out their duties and responsibilities. In addition, the Directors also receives briefings and updates on the Group's businesses and operations, risk management activities and technology initiatives on a regular basis. The Company provides internal programmes and other external programmes for its Directors during the financial year, amongst which include:

- Governance and Enterprise Risk Management
- Failed Business: Deriving Sound Strategic Insights

Board Committees

To ensure the effective discharge of the Board's fiduciary duties, the Board has delegated specific responsibilities to the following Board Committees. The Board Committees will deliberate in greater detail and examine the issues within their terms of reference as set out by the Board in compliance with the Code.

(i) Audit Committee

Composition of the Audit Committee, its terms of reference and a summary of its activities are set out on pages 20 to 23 of this Annual Report.

(ii) Nomination Committee

The Nomination Committee is comprised entirely of the Independent Non-Executive Directors. The members are:

- Mr. Thomas Tuan Kit Kwong - Chairman
- YBM Tunku Mahmood Bin Tunku Mohammed D.K. - Member

Among the primary duties of the Nominating Committee includes assessing and reviewing the composition of the Board to ensure that it has an appropriate balance of skills and experience among the Board members, as well as recommending to the Board, candidates for all directorship and on Board Committees.

The Nominating Committee shall review the criteria for evaluating the Board's performance. The performance criteria for the Board's evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board's processes and Board's performance in relation to discharging its principal responsibilities, communication with management and standard of conduct of the Directors. Each Director assesses the Board's performance as a whole by providing feedback to the Nominating Committee. The Nominating Committee, when reviewing the Board's performance, shall take note of the feedback received from the Directors and act on the comments accordingly.

(iii) Remuneration Committee

The Remuneration Committee is comprised majority of Independent Non-Executive Directors. The members are:

- YBM Tunku Mahmood Bin Tunku Mohammed D.K. - Chairman
- Dato' Choo Keng Weng - Member
- Mr. Thomas Tuan Kit Kwong - Member

The Remuneration Committee is entrusted with responsibilities to set the policy framework and to make recommendations to the Board on the components of the remuneration packages, general employment terms and other benefits for the Executive Directors and Key Senior Management Officers so as to attract, retain and motivate individuals of high caliber and quality to serve the Group.

(iv) Employee Share Option Scheme ("ESOS") Committee

The Committee is primarily responsible for administering the Company's ESOS Scheme in accordance with the approved bye-laws and regulations, including selection of eligible employees and options allocations. It also reviews the guidelines and bye-laws relating to the schemes and advised the Board accordingly.

DIRECTORS' REMUNERATION

Level and Mix of Remuneration

In setting remuneration packages, the consideration is given on the pay and employment conditions within the industry and in comparable companies. As part of the review, the performance related elements and remuneration form a significant part of the total remuneration package of Executive Directors and is designed to align the Directors' interest with those of shareholder and link rewards to corporate and individual performance. The remuneration of Non-Executive Directors are also reviewed to ensure that the remuneration commensurate with the contributions and responsibilities of the directors. The Company submits the quantum of Directors' fees of each year, if any, to the shareholders for approval at each Annual General Meeting.

Disclosure on Remuneration

Remuneration of Non-Executive Directors is determined by the Board as a whole. Individual Directors do not participate in determining their own remuneration package. The Board, based on the sum to be authorised by the Company's shareholders, determines fees payable to Non-Executive Directors. Non-Executive Directors are also entitled to meeting allowances and reimbursement of expenses incurred in the course of their duties as Directors.

The aggregate remuneration of Directors for the financial year ended 31 December 2013 is categorised as follows:

	Salaries RM'000	Other Emoluments RM'000	Fees RM'000	Total RM'000
Executive Directors	740	106	12	858
Non-Executive Directors	-	6	18	24

The analysis of remuneration of Directors for the financial year ended 31 December 2013 is as follows:

	No. of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Below RM50,000	-	3
RM50,001 to RM100,000	2	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	-	-
RM400,001 to RM500,000	-	-
RM500,001 to RM550,000	-	-
RM550,001 to RM600,000	-	-
RM600,001 to RM650,000	-	-
RM650,001 to RM700,000	1	-
RM700,001 to RM750,000	-	-

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects each time it releases its quarterly and annual financial statements to its shareholders. The Board is responsible for ensuring that financial statements prepared give a true and fair view of the state of affairs of the Company and of the Group. The Board considers the presentation of the financial statements and that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The statements of Directors' responsibilities for the preparation of the Financial Statements are set out in page 27 of this Annual Report.

Internal Control

The Statement on Risk Management and Internal Control provides an overview of the state of internal controls within the Group and is set out on pages 24 to 25 of this Annual Report.

Relationship with External Auditors

The Board ensures that there are formal and transparent arrangements for the achievement of objectives and maintenance of professional relationship with the External Auditors. The External Auditors have full access to the books and records of the Group at all time. They participate in the annual stock counts of the Group.

The Audit Committee meets the External Auditors to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the External Auditors without the presence of the Executive Directors and any member of the Management at least twice in each financial year or whenever deemed necessary.

The Audit Committee's role with respect to Internal and External Auditors is described in the Audit Committee Report set out on pages 20 to 23 of this Annual Report.

SHAREHOLDERS AND INVESTORS

The Group recognises the importance of effective communication with the shareholders and investors through various appropriate channels. The Group regularly communicates with the investor community in conformity with disclosure requirements.

The Annual General Meeting is the primary forum for the Directors to communicate with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group at every general meeting. The Board encourages other channels of communication with shareholders. For this purpose, the Board has identified YBM Tunku Mahmood Bin Tunku Mohammed D.K. as the Senior Independent Director to whom questions or concerns regarding the Group may be conveyed. YBM Tunku Mahmood Bin Tunku Mohammed D.K. can be contacted via the following channels:

Post : YBM Tunku Mahmood Bin Tunku Mohammed D.K.
Sin Heng Chan (Malaya) Berhad
Level 3, Wisma E & C
No. 2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur
Fax : (603) 2093 5571
Email : auditcom.shcm@gmail.com

Investors may also direct their queries to Investor Relations Manager at the above correspondence address and fax number or via email: ir@shcm.com.my.

The Company also maintains a website at www.shcm.com.my dedicated to provide information of the Group to the shareholders, investors and the general public who have an interest in the business and affairs of the Group.

Compliance with the Code

The Board has approved this statement and is of the opinion that the Company has, to its best ability complied with the relevant principles and best practices outlined in the Code for the financial year ended 31 December 2013.

AUDIT COMMITTEE REPORT

The Audit Committee reviews and monitors the integrity of the Group's financial reporting process, in addition to reviewing the Group's system of internal controls. It also reviews the Group's audit process, compliance with legal and regulatory requirements, code of business conduct and any other matters that are specially delegated by the Board.

1. Membership and Attendance

The Audit Committee members and details of attendance of each member of the Audit Committee meetings during the financial year are as follows:

Audit Committee	No. of Meetings Attended
Mr. Thomas Tuan Kit Kwong (Chairman) Independent Non-Executive Director	4/4
YBM Tunku Mahmood Bin Tunku Mohammed D.K. Independent Non-Executive Director	4/4
Encik Mohd Shariff Bin Salleh (Resigned on 31 March 2014) Independent Non-Executive Director	4/4

The Audit Committee met four (4) times during the financial year ended 31 December 2013.

As at the reporting date, the criteria for composition of members has been met.

Mr. Mak Hon Weng was appointed as Member of Audit Committee of the Company on 21 March 2014.

2. Summary of Activities of the Audit Committee

During the financial year ended 31 December 2013, the Audit Committee carried out its duties as set out in the terms of reference which included the following:

(a) Review of the quarterly financial reports before recommending to the Board for their approval and release of the Group's results to Bursa Malaysia Securities Berhad;
(b) Review of the Audit Planning Memorandum with the External Auditors;
(c) Review of the Audit Review Memorandum with the External Auditors;
(d) Review the Audit Fees of the External Auditors;
(e) Review of the internal audit findings and recommendations with the Internal Auditors;
(f) Review the Audit Committee Report and Statement on Internal Control; and
(g) Review the procedure established to monitor Recurrent Related Party Transactions and also any related party transactions.

3. Internal Audit Function

The Company has outsourced its internal audit function to an independent internal audit services provider for the financial year ended 31 December 2013. The Internal Audit function is to support the Audit Committee in discharging its duties with respect to the adequacy, integrity and effectiveness of the systems of internal control within the Group. The Internal Auditors independently carry out its reviews and reports to the Audit Committee.

During the financial year the Internal Auditors reviewed the system of internal control and the processes implemented by the management in the key subsidiary Companies and reported its results and findings to the Audit Committee.

The total cost incurred for the Group Internal Audit Function in respect of the financial year ended 31 December 2013 was RM16,000.00.

4. Terms of Reference

Composition

The Committee shall be appointed by the Board from amongst its Directors excluding alternate Directors and shall comprise no fewer than three (3) members, all of whom must be Non-Executive Directors with a majority of whom shall be Independent Directors. Alternate Director shall not be appointed as members of the Committee.

All members should be financially literate and at least one (1) member must be:

(a) a member of the Malaysian Institute of Accountants ("MIA");
(b) if he is not a member of MIA, he must have at least three (3) years' working experience and must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967;
(c) he must be a member of one of the associations or accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
(d) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

In the event a Member of the Committee resigns, dies, or for any reason ceases to be a member with the result the number of members is reduced to below three (3), or if the majority of the members become Non-Independent Directors, the Board of Directors shall within three (3) months of such vacancy, appoint such number of new members as may be required to make up the minimum number of three (3) members or the majority being Independent Directors. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The Board of Directors of the Company must review the term of office and performance of an audit committee and each of its members at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

Chairman

The Chairman, shall be elected from amongst their number, who shall be an Independent Director. In event of the Chairman's absence, the meeting shall be chaired by an Independent Director.

The Chairman should engage on a continuous basis with Senior Management, such as the Chairman of the Board, the Chief Executive Officer, the Finance Director, the Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the Company.

Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Audit Committee at the registered office or such other place as may be determined by the Audit Committee.

Meetings

The Committee shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be two (2) members, provided that the majority of the members present at the meeting shall be independent. In addition to its four (4) meetings each financial year, the Committee may take action by unanimous written consent of its members.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The External Auditors and Internal Auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The External Auditors may also request a meeting if they consider it necessary.

The other directors and employees of the Company may attend any particular Audit Committee meeting only at the Committee's invitation, specific to the relevant meeting.

Rights

The Audit Committee shall:

(a) have explicit authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Group;
(d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
(e) have the right to obtain legal or independent professional or other advice at the Company's expense;
(f) have the right to convene meetings with the External Auditors, the Internal Auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary;
(g) promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
(h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
(i) meet as and when required on a reasonable notice; and
(j) the Chairman shall convene a meeting to consider any matter external auditor believes should be brought to the attention of the directors or shareholders, upon the request of the External Auditors.

Duties

(a) To review with the External Auditors on:

- the audit plan, its scope and nature;
- the audit report;
- the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- the assistance given by the officers of the Company to External Auditors, including any difficulties or disputes with Management encountered during the audit.

(b) To review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.

(c) To recommend such measures as to be taken by the Board of Directors on the effectiveness of the system of internal control, management information and risk management practices of the Group.

(d) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(e) To review any appraisal or assessment of the performance of members of the internal audit function.

(f) To review any appointment or termination of the Internal Auditors and take cognisance of resignations of Internal Auditors and provide the resigning Internal Auditors an opportunity to submit reasons for resigning.

(g) To review with management:

- audit reports and management letter issued by the External Auditors and the implementation of audit recommendations;
- interim financial information; and
- the assistance given by the officers of the Company to External Auditors.

(h) To review related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(i) To review the quarterly reports on consolidated results and year-end financial statements prior to submission to the Board of Directors, focusing particularly on:

- changes in or implementation of major accounting policy and practices;
- significant and/or unusual matters arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(j) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).

(k) To meet with the External Auditors without executive board members present at least twice a year.

(l) To consider the appointment and/or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as External Auditors to the board.

(m) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance 2012 and the Companies (Amendment) Act 2007 requires the directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Directors of the Company are pleased to present this Statement on Risk Management and Internal Control with respect to the state, nature and scope of the internal control of the Group during the year.

Board's Responsibility

The Board of Directors ("Board") is responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. However, such a system is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the policies and business objectives of the Group. Therefore, it should be noted that it can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has undertaken the appropriate initiatives to strengthen the transparency, accountability and efficiency of the operations. The Board recognises the importance of ensuring that a sound system of internal controls and effective risk management practices are in place in the organisation. It has therefore given due attention towards improving the effectiveness of internal control, risk management and governance process of the organisation.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control, also in the design, operations and monitoring of suitable internal controls to mitigate and control these risks.

Risk Management

The Board recognises the importance of identifying and managing principal risks of the Group's daily operations and that the identification and the management of such risk will affect the achievement of the Group's corporate objectives. As part of the integral process of risk management, the Group's risk management framework shall be structured in which the existence of significant risks of the Group has been identified and quantified. A risk profile of the Group will be drawn up to assist the Board and Senior Management to prioritise their focus on areas of high risks.

The functional management has been given a clear line of accountability and delegated authorities have been established as part of the internal control efforts through the standard operating practices. The Senior Management is responsible for identifying, managing and reporting on significant risks on an ongoing basis and any significant risk matters shall be brought to the attention of the Executive Director, and if necessary, are also raised for discussion at Board meetings.

Internal Audit Function

The Board acknowledges the importance of the internal audit function and has engaged an independent professional firm to provide internal audit services to assist the Board in providing the assurance it requires on the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The Internal Audit function carries out review on the effectiveness of the internal control systems and highlights to the Audit Committee any significant findings in respect of non-compliances and major control weaknesses of which the management is responsible for ensuring that corrective actions are taken on the reported weaknesses.

The internal audit reviews are carried out using risk-based approach and based on major operating cycles as recommended and agreed with the Senior Management and endorsed by the Audit Committee.

In the year under review, the following reviews on the Group's operations were undertaken by the Internal Auditors:

- Harvesting and Manuring Management
- Work Order Issuance Process
- Utilisation and Productivity of Machinery and Farm Tractors

The findings arising from the above reviews have been reported to the management for their response and subsequently for the Audit Committee deliberation before they are reported to the Board. Where weaknesses were identified, recommended procedures have been or are being put in place to strengthen controls.

Key Internal Control Processes

The following are the key processes that have been established as part of the Group's internal control effort:

(a) Internal control effort were done through standard operating practices and guidelines involving operational planning, capital expenditure, safeguarding of assets against unauthorised use or disposition, financial and accounting records, reporting system and monitoring of Group's businesses and performances.

(b) The Executive Directors through their daily involvement in the business operations and attendance at operational and management level meetings, monitors the Company's policies and procedures.

(c) The Audit Committee review internal control issues identified by the Internal Auditors and External Auditors and evaluate the adequacy and effectiveness of the risk management and internal control systems. They also review the Internal Audit functions with particular emphasis on the scope of audits and quality of internal audits.

(d) The Corporate Office at the holding company coordinates and monitors the monthly performance results of the independent operational units, based on actual against budgeted financial performances, key business indicators and highlights of the related happenings. The liquidity position of the Group is monitored daily through the online banking system and also through the weekly reporting of bank transactions of the business units.

The internal control system will continue to be reviewed, added on or updated in line with the changes in the operating environment.

Conclusion

For the financial year under review and up to the date of approval of this statement for inclusion in the annual report, based on inquiry, information and assurance provided by the Managing Director and Finance Manager, the Board is of the opinion that the internal control system was generally satisfactory and adequate for their purpose. There will be continual focus on measures to protect and enhance shareholders' value and business sustainability.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement is made in accordance with the resolution of the Board of Directors dated 1 April 2014.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Bursa Malaysia Securites Berhad's Corporate Social Reponsibility ("CSR") Framework is basically a set of guidelines for Malaysian public listed companies to help them in the practice of CSR. CSR relates to open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. It is designed to deliver sustainable value to society at large.

The Company is committed to operating in an economically, socially and environmentally sustainable manner whilst balancing the interest of the diverse stakeholders.

At Sin Heng Chan (Malaya) Berhad, we view CSR as a journey towards integrating the values of CSR initiatives which are translated into the practical aspects of how we run our business, from marketing and operations to human resources.

Our Employees

The Group firmly believes that caring for its employees will contribute positively to the Group's long-term profitability of the business and success through improved efficiency of the work processes. The Group provides Hospitalisation and Surgical insurance coverage and Group Personnel Accident Insurance on top of the statutory SOCSO contribution for employees to mitigate medical and accidental contingencies. Our employees at the estates are residents in the housing estates which have developed into for our plantation employees to thrive. We ensure that our employees receive constant supply of clean water and electricity.

We occasionally have social and recreational events such as sports competitions and other social programmes to encourage networking and socialising between colleagues and peers. We also conduct formal performance reviews on the competencies of our staff to identify their strengths and weaknesses. As part of our effort to provide growth and progression opportunities for our staff, on-the-job training, in-house programmes and external training courses are provided to improve their practical knowledge and field exposure.

The Group firmly believes that caring for its employees will contribute positively to the Group's long-term profitability of the business and success through improve efficiency of the work process.

Our Community

We engage with and respect the cultures of the communities where we live and work. We maintained effective, transparent and open communication with the local communities and would try our best during consultation and dialogues to accede to communities request for support that would help them lead more comfortable lives.

The Group has undertaken the development of oil palm plantations on some parts of the Native Customary Rights land in Sarawak, with the aim at bringing social and economic benefits to the landowners as well as neighbouring community. We provided construction and maintenance of rural access roads and also bridges across the Urun Estate.

Our Environment

The Group is working responsibly to reduce the environmental impact of our operations and firmly believes in continuing to adopt waste management and recycling programmes in our operational process. The Group has implemented the several key initiatives such as making available separate bins to collect waste and arranging for proper disposition on a periodic basis.

Our Board would continue to seek new and improved ways to enhance its CSR responsibilities and activities as well as its relationship with all stakeholders including shareholders, government and government agencies, the media, non-governmental organisations and interest groups.

ADDITIONAL COMPLIANCE DISCLOSURES

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements of the Company and of the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and provisions of the Companies Act 1965 so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the results and cashflows of the Company and of the Group for the financial year ended on that date.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured the adoption of applicable approved accounting standards; and
- used the going concern basis for the preparation of the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and are kept in accordance with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Utilisation of Proceeds

Proceeds from the disposal of the 80% equity interest in PTS Goldkist Industries Sdn Bhd have been utilised as at 31 December 2013:

	Proposed Utilisation (RM'000)	**Utilised as at (31 December 2013) (RM'000)**	**Balance (RM'000)**
Staff cost	2,400	1,400	1,000
Other working capital	7,310	7,310	-
Estimated expenses relating to the corporate exercise	390	327	63
To acquire strategic investment/strategic ventures	12,300	12,300	-
Capital expenditure related to plantation business	2,100	2,100	-
Total	24,500	23,437	1,063

Share Buy-Backs

The Company did not enter into any share buy-back transactions during the financial year.

Options, Warrants or Convertible Securities

No Warrants and Convertible Securities were issued during the financial year ended 31 December 2013.

Employees' Share Options Scheme ("ESOS")

The Company granted options under the ESOS on 13 July 2004 to eligible Directors and employees of the Group to Subscribe in accordance with the ESOS By-laws. The ESOS was subsequently extended for an additional five (5) years from 12 July 2009 and will expire on 12 July 2014. There were no ESOS granted or exercised during the financial year and details of the ESOS outstanding since commencement of the ESOS on 13 July 2004 are as follows:

No. of ESOS Granted	**No. of ESOS Exercise**	**No. of ESOS Lapsed/Forfeited**	**No. of ESOS outstanding**
6,561,000	-	(422,000)	6,139,000

ADDITIONAL COMPLIANCE DISCLOSURES

American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”)

The Company did not sponsor any ADR or GDR during the financial year ended 31 December 2013.

Sanctions and/or Penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant authorities during the financial year.

Non-Audit Fees

During the financial year, the total non-audit fees payable to companies affiliated to the External Auditors' firm for services rendered to the Company and its subsidiaries were RM9,000.00.

Variation in Results

There were no variances of 10% or more between the results for the financial year and the unaudited results. The Company did not make any release on the profit estimate, forecast or projection for the financial year.

Profit Guarantee

The Company did not grant any profit guarantee during the financial year.

Material Contracts or Loans Involving Directors and Major Shareholders

There were no material contracts or loan entered into between the Company and a director or a major shareholder during the financial year except for the related party transactions specified in the Circular to Shareholders dated 15 April 2014 seeking the shareholder's mandate.

RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 15 May 2013, the Company obtained its shareholders' mandate to allow the Group to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature.

In accordance with the Listing Requirements of the Bursa Malaysia Securities Berhad, the details of RRPTs conducted during the financial year ended 31 December 2013 pursuant to the shareholders' mandate are as follows:

No.	Group Involved in the Transaction	Company in the Sin Heng Chan (Malaya) Berhad ("SHCMB") Transacting Party	Nature of Transaction	Interest Related Party	Incurred from 15 May 2013 to 31 December 2013 (RM)	Mandate (RM)
1	SHCMB	Desa Samudra Sdn Bhd ("DSSB")	Rental of office premises and car park facilities	Dato' Choo Keng Weng ("DCKW")	(36,392)	(250,000)
2	SHCTPS	Ladang Bunga Tanjong Sdn Bhd ("LBTSB")	Provision of consulting and management services to LBTSB	DCKW & Sy Choon Yen ("SCY")	244,836	450,000
3	SHCTPS	Sg Kalabakan Estate Sdn Bhd ("SKESB")	Provision of consulting and management services to SKESB	DCKW & SCY	116,059	600,000
4	SHCTPS	Eco-Plantation Sdn Bhd ("EPSB")	Provision of consulting and management services to EPSB	DCKW & SCY	65,828	100,000
5	SHCTPS	Anika Desiran Sdn Bhd ("ADSB")	Provision of consulting and management services to ADSB	DCKW & SCY	76,221	100,000

Financial Statements

REPORT OF THE DIRECTORS

The Directors of Sin Heng Chan (Malaya) Berhad are pleased to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities.

The principal activities of its subsidiaries are as disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

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

	Group RM	Company RM
Net profit for the financial year	462,766	5,140,783
Attributable to:		
Owners of the Company	462,766	5,140,783
Non-controlling interests	-	-
	462,766	5,140,783

DIVIDENDS

No dividend has been paid, proposed or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of financial year ended 31 December 2013.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

Under the Company's Employees Share Option Scheme ("ESOS"), options to subscribe for unissued new ordinary shares in the Company were granted to eligible directors and employees of the Company and its subsidiaries. The salient features of the ESOS are set out in Note 22 to the financial statements.

The share options granted and exercised during the financial year are as follows:

	No. of options over ordinary shares of RM1 each				
Exercisable from	**Balance at 1.1.2013**	**Granted**	**Exercised**	**Forfeited**	**Balance at 31.12.2013**
13.7.2004	6,561,000	-	-	(422,000)	6,139,000

The Directors have on 22 May 2009 extended the ESOS which expired on 12 July 2009 for another five (5) years until 12 July 2014.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of eligible employees who were granted less than 400,000 options. The eligible employees (excluding the Directors) who were granted 400,000 options or more during the year are as follows:

Name of employee	Number of options granted
Sy Choon Yen	1,400,000
Dato' Dr. Abu Talib Bin Bachik	500,000
Sy Li Kai	470,000
Hoh Yue Sheng	400,000

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

At the date of this report, the Directors are not aware of any circumstances:

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

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

(a) 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 liability of any other person; or

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors:

(a) the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

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

DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Dato' Choo Keng Weng
Tuan Syed Omar Bin Syed Abdullah
YBM Tunku Mahmood Bin Tunku Mohammed D.K.
Thomas Tuan Kit Kwong
Mak Hon Weng (Appointed on 21 March 2014)
Mohd Shariff Bin Salleh (Resigned on 31 March 2014)

In accordance with Article 94 of the Company's Articles of Association, Tuan Syed Omar Bin Syed Abdullah and YBM Tunku Mahmood Bin Tunku Mohammed D.K. retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

Mr. Mak Hon Weng, who was appointed to the board after the last Annual General Meeting retires under Article 100 of the Company's Article of Association at the forthcoming Annual General Meeting of the Company and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS IN SHARES

The interest in shares in the Company and its related corporations of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134, of the Companies Act, 1965, are as follows:

	No. of ordinary shares of RM1 each			
	Balance at 1.1.2013	**Bought**	**Sold**	**Balance at 31.12.2013**
Shares in the Company				
Direct interest				
Dato' Choo Keng Weng	15,785,793*	-	-	15,785,793
Deemed interest *(by virtue of his interest in Macronet Sdn. Bhd.)*				
Dato' Choo Keng Weng	2,925,000	-	-	2,925,000

Note: * Includes shares held by nominees

	No. of options over ordinary shares of RM1 each			
	Balance at 1.1.2013	**Granted**	**Exercised**	**Balance at 31.12.2013**
Shares Options in the Company				
Direct interest				
Tuan Syed Omar Bin Syed Abdullah	600,000	-	-	600,000
Dato' Choo Keng Weng	1,400,000	-	-	1,400,000

Save as disclosed above, none of the other Directors in office at the end of the financial year has interest in the shares of the Company and its related corporations during and as of the end of the financial year.

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in Note 8(c) of the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain Directors of the Company and/ or its subsidiaries or persons connected to such Directors have interests as disclosed in Note 29 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company was a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to certain Directors pursuant to the Company's ESOS as disclosed above.

AUDITORS

The auditors, Messrs. ECOVIS AHL, have indicated their willingness to continue in office.

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

DATO' CHOO KENG WENG

THOMAS TUAN KIT KWONG

Kuala Lumpur
1 April 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Sin Heng Chan (Malaya) Berhad
(Incorporated in Malaysia)
(Company No. 4690 - V)

Report on the Financial Statements

We have audited the financial statements of Sin Heng Chan (Malaya) Berhad, which comprise statements of financial position of the Group and of the Company as at 31 December 2013 and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 92.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation of financial statements that give a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act;

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations as required by us for those purposes; and

(c) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT
To the Members of Sin Heng Chan (Malaya) Berhad
(Incorporated in Malaysia)
(Company No. 4690 - V)

Other Reporting Responsibilities

The supplementary information set out in Note 32 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

ECOVIS AHL
Firm No: AF 001825
Chartered Accountants

CHUA KAH CHUN
Approval No: 2696/09/15 (J)
Chartered Accountant

Kuala Lumpur
1 April 2014

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Revenue	5	17,558,455	23,240,564	-	-
Cost of sales		(14,618,754)	(13,853,245)	-	-
Gross profit		2,939,701	9,387,319	-	-
Other operating income		6,782,813	2,047,690	7,880,437	3,477,338
Administrative expenses		(6,252,963)	(6,292,536)	(1,879,448)	(2,194,211)
Other operating expenses		(1,321,553)	(1,652,736)	(839,195)	(1,043,874)
Finance costs	7	(1,903,086)	(164,323)	(21,011)	(163,188)
Profit before tax	8	244,912	3,325,414	5,140,783	76,065
Tax credit	9	217,854	292,707	-	-
Profit for the financial year		462,766	3,618,121	5,140,783	76,065
Other comprehensive income					
Revaluation adjustment of investment properties (Note 14)		4,768,558	-	4,768,558	-
Total comprehensive income for the financial year		5,231,324	3,618,121	9,909,341	76,065

		Group	
	Note	2013 RM	2012 RM
Profit attributable to:			
Owners of the Company		462,766	3,329,876
Non-controlling interests		-	288,245
		462,766	3,618,121
Total comprehensive income attributable to:			
Owners of the Company		5,231,323	3,329,876
Non-controlling interests		-	288,245
		5,231,323	3,618,121
Earnings per share (sen)			
Basic	10	0.41	2.98
Diluted	10	0.39	2.82

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

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	11,839,649	7,278,173	888,556	226,817
Plantation development expenditure	12	83,573,285	83,324,006	-	-
Prepaid lease payments	13	30,711,362	22,052,831	9,147,600	-
Investment properties	14	942,158	5,477,703	942,158	5,477,703
Investment in subsidiaries	15	-	-	61,370,199	61,373,334
Available-for-sale investments	16	3,245,969	3,245,969	2,800,000	2,800,000
Goodwill on consolidation	17	16,355,668	16,354,080	-	-
		146,668,091	137,732,762	75,148,513	69,877,854
Current assets					
Inventories	18	1,513,304	550,706	-	-
Trade receivables	19	1,085,997	1,374,137	-	-
Other receivables and prepaid expenses	19	1,005,391	779,149	345,016	348,729
Tax recoverable		3,372	3,372	-	-
Amounts owing by other related companies	20	1,605,356	835,768	27,551	27,551
Amounts owing by subsidiaries	20	-	-	16,292,631	15,359,675
Fixed deposits, cash and bank balances	21	1,310,482	2,187,449	1,151,433	1,713,990
		6,523,902	5,730,581	17,816,631	17,449,945
Total assets		153,191,993	143,463,343	92,965,144	87,327,799

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	22	111,666,787	111,666,787	111,666,787	111,666,787
Equity compensation reserve	22	225,369	232,122	225,369	232,122
Revaluation surplus	23	-	4,768,558	-	4,768,558
Accumulated losses		(29,297,097)	(33,180,599)	(25,400,897)	(35,310,238)
Total equity		82,595,059	83,486,868	86,491,259	81,357,229
Non-current liabilities					
Hire-purchase payables	24	1,142,181	1,236,546	534,093	41,394
Borrowings	25	740,988	-	-	-
Long-term loans	26	30,000,000	28,807,356	-	-
Deferred tax liabilities	27	9,863,786	10,081,640	-	
		41,746,955	40,125,542	534,093	41,394
Current liabilities					
Trade payables	28	3,809,393	3,807,764	-	-
Other payables and accrued expenses	28	7,106,832	15,347,980	5,735,304	5,792,985
Bank overdrafts	25	17,092,102	-	-	-
Amounts owing to subsidiaries	20	-	-	37,635	41,051
Amounts owing to other related companies	20	71,145	71,145	56,145	56,145
Hire-purchase payables	24	697,772	590,444	110,708	38,995
Borrowings	25	39,135	-	-	-
Tax liabilities		33,600	33,600	-	-
		28,849,979	19,850,933	5,939,792	5,929,176
Total liabilities		70,596,934	59,976,475	6,473,885	5,970,570
Total equity and liabilities		153,191,993	143,463,343	92,965,144	87,327,799

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

Group	Issued capital RM	Accumulated losses RM	Revaluation reserve RM	Equity compensation reserve RM	Total equity RM
	← Attributable to Owners of the Company →		Non-distributable reserves		
Balance as at 1 January 2013	111,666,787	(33,180,599)	4,768,558	232,122	83,486,868
Total comprehensive income for the year	-	462,766	-	-	462,766
Realisation of revaluation surplus upon disposal of investment properties	-	4,768,558	(4,768,558)	-	-
Remeasurement of ESOS	-	-	-	(6,753)	(6,753)
Acquisition of a subsidiary	-	(1,347,822)	-	-	(1,347,822)
Balance as at 31 December 2013	111,666,787	(29,297,097)	-	(225,369)	(82,595,059)

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

Group	Attributable to Owners of the Company		Non-distributable reserves				
	Issued capital RM	Accumulated losses RM	Revaluation reserve RM	Equity compensation reserve RM	Total RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2012	111,666,787	(33,265,950)	4,768,558	-	83,169,395	8,764,230	91,933,625
Total comprehensive income for the year	-	3,329,876	-	-	3,329,876	288,245	3,618,121
ESOS granted during the year	-	-	-	232,122	232,122	-	232,122
Acquisition of remaining equity interest in the subsidiaries	-	(3,244,525)	-	-	(3,244,525)	(9,052,475)	(12,297,000)
Balance as at 31 December 2012	111,666,787	(33,180,599)	4,768,558	232,122	83,486,868	-	83,486,868

Company			Non-distributable reserves		
	Issued capital RM	Accumulated losses RM	Revaluation reserve RM	Equity compensation reserve RM	Total Equity RM
Balance as at 1 January 2012	111,666,787	(35,386,303)	4,768,558	-	81,049,042
ESOS granted during the year	-	-	-	232,122	232,122
Total comprehensive income for the year		76,065	-	-	76,065
Balance as at 31 December 2012	111,666,787	(35,310,238)	4,768,558	232,122	81,357,229
Balance as at 1 January 2013	111,666,787	(35,310,238)	4,768,558	232,122	81,357,229
Total comprehensive income for the year	-	9,909,341	-	-	9,909,341
Realisation of revaluation surplus upon disposal of investment properties	-	-	(4,768,558)	-	(4,768,558)
Remeasurement of ESOS	-	-	-	(6,753)	(6,753)
Balance as at 31 December 2013	111,666,787	(25,400,897)	-	225,369	86,491,259

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit before tax		244,912	3,325,414	5,140,784	76,065
Adjustments for:					
Amortisation of plantation development expenditure		2,230,645	2,176,409	-	-
Finance costs		1,576,884	1,646,442	21,011	163,188
Depreciation of property, plant and equipment		1,359,068	986,292	188,142	98,949
Amortisation of prepaid lease payments		489,070	863,659	-	-
Provision for interest payable to a former non-controlling interest:					
- Current year		326,202	537,733	-	-
- Overprovision in prior year		-	(2,019,852)	-	-
Equity compensation benefits		(6,753)	232,122	(3,619)	124,428
Allowance for doubtful debts		-	-	13,516	106,147
Bad debt written off		-	44,438	-	44,438
Deposits written off		-	37,808	-	6,602
Property, plant and equipment written off		-	30,383	-	-
Reversal of accrued expenses over-recognised in prior years		-	(807,213)	-	(251,480)
Reversal of other payables overtaken up in prior years		-	(704,864)	-	(168,021)
Interest income		(39,180)	(275,953)	(514,892)	(679,817)
Gain on disposal of property, plant and equipment		(109,340)	(11,906)	(105,000)	-
Gain on disposal of investment properties		(5,251,968)	-	(5,251,968)	-
Waiver of debt by former shareholder of a subsidiary		(1,351,834)	-	-	-
Operating (loss)/profit before working capital changes		(532,294)	6,060,912	(512,027)	(479,501)
(Increase)/decrease in:					
Inventories		(962,598)	(455,221)	-	-
Trade receivables		288,140	(587,495)	-	-
Other receivables and prepaid expenses		(227,258)	2,200,290	3,713	1,307,545
Amount owing by subsidiaries		-	-	(946,472)	(4,940,815)
Amount owing by related companies		(769,588)	(308,556)	-	(27,551)
Increase/(decrease) in:					
Trade payables		1,629	1,657,789	-	-
Other payables and accrued expenses		(8,240,440)	(1,792,748)	(57,681)	(983,789)
Amount owing to other related companies		-	(57,823)	-	56,145
Amount owing to subsidiaries		-	-	(3,416)	(2,494)

STATEMENTS OF CASH FLOWS
For the financial year ended 31 December 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Cash (used in)/from operations		(10,442,409)	6,717,148	(1,515,883)	(5,070,460)
Interest paid		(115)	(163,188)	(21,011)	(163,188)
Income tax paid		-	(27,852)	-	-
Net cash (used in)/from operating activities		(10,442,524)	6,526,108	(1,536,894)	(5,233,648)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES					
Proceeds from disposal of investment properties		639,913	-	639,913	-
Addition of plantation development expenditure (Note (a))		(1,851,907)	(2,493,295)	-	-
Plantation development expenditure over-recognised in prior year		-	919,284	-	-
Purchase of property, plant and equipment (Note (b))		(5,275,374)	(2,490,804)	(199,881)	(14,200)
Proceeds from disposal of property, plant and equipment		114,170	41,340	105,000	-
Interest received		39,180	275,953	514,892	679,817
Acquisition of remaining equity interest in subsidiaries companies		-	(12,297,000)	-	(12,297,000)
Acquisition of a subsidiary company		2,731	-	-	-
Net cash (used in)/from investing activities		(6,331,287)	(16,044,522)	1,059,924	(11,631,383)
CASH FLOWS USED IN FINANCING ACTIVITIES					
Proceeds from drawdown/(repayment of) borrowings – net		1,972,766	(4,592,644)	-	-
Repayment of hire-purchase - net		(637,036)	(573,965)	(85,587)	(91,290)
Interest paid		(2,530,988)	(2,825,040)	-	-
Net cash used in financing activities		(1,195,258)	(7,991,649)	(85,587)	(91,290)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(17,969,069)	(17,510,063)	(562,557)	(16,956,321)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		2,187,449	19,697,512	1,713,990	18,670,311
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	21	(15,781,620)	2,187,449	1,151,433	1,713,990

Note (a): During the financial year, the Group's additions to plantation development expenditure amounted to RM2,479,924 (2012: RM3,297,348) of which RM628,017 (2012: RM804,053) represents borrowing costs capitalised. The remaining additions of RM1,851,907 (2012: RM2,493,295) was paid in cash.

Note (b): During the financial year, the Group's and the Company's additions to property, plant and equipment amounted to RM5,925,373 (2012: RM3,735,329) and RM849,882 (2012: RM14,200) of which RM650,000 (2012: RM1,244,525) and RM650,000 (2012: RM Nil) respectively was financed through hire-purchase arrangements. The remaining additions of RM5,275,374 (2012: RM2,490,804) and RM199,882 (2012: RM14,200) were paid in cash by the Group and the Company respectively.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

1. GENERAL INFORMATION

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

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 15.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The registered office of the Company is located at Suite 2.02, Level 2, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Level 3, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur.

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 1 April 2014.

2. BASIS OF PREPARATION

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

The financial statements of the Group and of the Company have been prepared on the historical cost convention, except as disclosed in this summary of significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

In the financial year beginning 1 January 2015, the Group, being a Transitioning Entity, will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS").

The preparation of financial statements in conformity with the Companies Act, 1965 and Financial Reporting Standards in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

The preparation of the above financial statements requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Standards, amendments to standards and interpretations to existing standards which are effective

- FRS 10, 'Consolidated Financial Statements' (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in FRS 127, 'Consolidated and Separate Financial Statements' and IC Interpretation 112, 'Consolidation – Special Purpose Entities'.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. BASIS OF PREPARATION (CONT'D)

Standards, amendments to standards and interpretations to existing standards which are effective (Cont'd)

- FRS 13, 'Fair Value Measurement' (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extent the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in FRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised FRS 127, 'Separate Financial Statements' (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of FRS 127 have been included in the new FRS 10.

- Amendment to FRS 101, 'Presentation of Items of Other Comprehensive Income' (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' ('OCI') in the statement of comprehensive income into two groups, based on whether or not they may be recycled income statement in the future. The amendments do not address which items are presented in OCI.

- Amendment to FRS 7, 'Financial Instruments: Disclosures' (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the balance sheet and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

- Improvement to FRS relating to International Accounting Standards Board ("IASB")'s improvements to International Financial Reporting Standards in 2011.

- Amendment to FRS 116 'Property, Plant and Equipment' clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.

The application of the above standards and amendments to standards has no significant impact to the financial statements of the Group.

Standards, amendments to standards and interpretations to existing standards which are applicable to the Group but not yet effective

The Group will apply the following new standards, amendments to standards and interpretations to existing standards in the following periods:

(i) Financial year beginning on 1 January 2014

- Amendment to FRS 132, 'Financial Instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in FRS 132. It clarifies the meaning of currently has a legally enforceable right of set-off that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria.

  The Group will apply the amendment to standard from annual period beginning 1 January 2014. The adoption of the amendment to standard is not anticipated to have any significant impact on the financial statements of the Group and of the Company in the year of initial application.

2. BASIS OF PREPARATION (CONT'D)

Standards, amendments to standards and interpretations to existing standards which are applicable to the Group but not yet effective (Cont'd)

(ii) Financial year beginning on 1 January 2015

In November 2011, MASB published the Malaysian Financial Reporting Standards ("MFRS") Framework applicable to all non-private entities with effect from 1 January 2012, with the exception of entities that are within the scope of MFRS 141 "Agriculture" and IC Interpretation 15 "Agreement for the Construction of Real Estate, including their parents, significant investors and venturers (herein referred as "Transitioning Entities"). Transitioning Entities were given an option to apply the MFRS Framework effective from 1 January 2013.

On 30 June 2012, MASB decided to allow Transitioning Entities to defer the adoption of MFRS Framework for another year. However, on 7 August 2013, MASB further extended the effective date for the adoption of MFRS Framework by Transitioning Entities to 1 January 2015. Therefore, the Group as a Transitioning Entity will apply the MFRS Framework for the annual period beginning on 1 January 2015. As a result, the FRSs and amendments to FRS that are effective for annual period beginning on or after 1 January 2015 are not applicable to the Group.

The Group has not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment. Accordingly, the financial statements for the financial year ended 31 December 2013 could be different if prepared under the MFRS Framework.

Among the significant MFRS applicable to the Group are as follows:

- MFRS 1 'First-time Adoption of MFRS' provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters. The impact of adoption of MFRS 1 to the Group and the Company based on mandatory exemptions and optional exemptions for first-time MFRS adoptions is still being assessed by the Group.

- MFRS 141 'Agriculture' (effective from 1 January 2015) requires biological assets and agricultural produce at the point of harvest to be measured at fair value less costs to sell. Upon adoption of MFRS 141 on 1 January 2015, the biological assets for the Group will be fair valued and the impact of the fair value adjustment will be accounted for retrospectively by adjusting retained earnings. Subsequent fair value changes after that date of biological assets shall be included in profit and loss in the period in which the changes arise.

  The Group has yet to assess the impact of adopting MFRS 141.

- MFRS 9 'Financial Instruments' reflects the first phase of IASB's work on the replacement of MFRS 139 'Financial Instruments: Recognition and Measurement' and applies to classification and measurement of financial instruments as defined in MFRS 139 and replaces the guidance in MFRS 139.

  Upon adoption of MFRS 9, financial assets will be classified into two categories: those measure at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the Group's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of fair value change due to the Group's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  The adoption of MFRS 9 will result in a change in accounting policy. The Group has yet to assess the financial impact of adopting MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and the subsidiaries controlled by the Group made up to 31 December 2013. Control is achieved where the Group is exposed to, or has the rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(ii) Changes in ownership interests in subsidiaries without change of control

Changes in the Group's interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The carrying amounts of the Group's interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

(c) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

(d) Revenue Recognition

Revenue is measured at the fair value consideration received and receivable in the normal course of business. The revenue recognition policies of the Group's entities are as follows:

(i) Sale of goods

Revenue from sales of goods is recognised upon delivery of products and when the risks and rewards of ownership have passed to the customers. Revenue represents gross invoiced value of goods sold net of trade discounts.

(ii) Plantation management fees

Revenue from plantation management services is recognised when the services are rendered.

(iii) Dividend income

Dividend income is recognised when the shareholders' right to receive the dividend has been established.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Foreign Currency

(i) Functional and presentation currency

The financial statements of the Group's entities are presented in Ringgit Malaysia, the currency of the primary economic environment in which the Group's entities operate (the functional currency).

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

(f) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The liability for current tax of the Group's entities is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle their current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Construction in progress is not depreciated. Depreciation of other property, plant and equipment is computed on the straight-line method at the following rates based on the estimated useful lives of the various assets or their lease periods of assets they are attached to. The annual depreciation rates are as follows:

Buildings	1.64 - 2%
Plant and machinery	20%
Renovations, furniture, fixtures and equipment	10 - 50%
Motor vehicles	20%

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the profit or loss.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of future economic benefits embodied in the property, plant and equipment. The effects of any revision of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(h) on impairment of non-financial assets.

Property, plant and equipment acquired under hire-purchase arrangements are capitalised as property, plant and equipment and the corresponding obligations treated as liabilities in the financial statements. These assets are depreciated according to the basis set out above. Finance costs are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or when events or circumstances occur indicating that impairment may exist. Property, plant and equipment and other non-current non-financial assets, including intangible assets with definite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The impairment loss is charged to profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and 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). Impaired assets are reviewed for possible reversal of impairment at each reporting date.

(i) Plantation Development Expenditure

New planting expenditure incurred on land clearing, upkeep of immature palms, administrative expenses and interest incurred during the pre-maturing period (pre-cropping costs) is capitalised under the capital maintenance method. Under the capital maintenance method, development expenditure incurred up to the maturity period of 0 to 3 years are capitalized and not amortised, and are shown as non-current assets net of accumulated impairment losses. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss in the year in which they are incurred. Capitalised plantation development expenditure is amortised on the straight-line basis over 30 years or remaining lease period of oil palm plantation land.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Borrowings

(i) Classification

Borrowings are initially recognised based on the proceeds received, net of repayments during the period. Portions repayable after 12 months are disclosed as non-current liabilities.

Borrowings are classified as current liabilities unless the Group's entities have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(II) Capitalisation of Borrowing Costs

Borrowing costs directly attributable to plantation development expenditure during pre-maturing period (pre-cropping costs) are capitalised as part of the cost of those assets, until maturity. The amount of borrowing costs eligible for capitalisation is capitalised based on the total immature area over the total plantable area.

(k) Leases

(i) Finance leases

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the lease assets which approximates the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each reporting period. All other leases which do not meet such criteria are classified as operating leases and the related rentals are charged to profit or loss as incurred.

(ii) Operating leases

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

(l) Prepaid Lease Payments on Leasehold Land

Lease of land with title not expected to pass to the lessee by the end of the lease term is treated as operating lease as land normally has an indefinite economic life. The upfront payments made on entering into a lease or acquiring a leasehold land that is accounted for as an operating lease are accounted for as prepaid lease payments and are amortised over the lease term on the straight-line basis and charged to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Investment Properties

Investment properties which consist of freehold land, leasehold land and building are properties held to earn rentals and/or for capital appreciation and are not occupied by the Group and the Company. Investment property is measured initially at cost including related transaction costs if the investment property meets the definition of qualifying asset.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Leasehold land is amortised in equal instalments over the lease period of between 48 and 99 years.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

(n) Investment in Subsidiaries

Investment in unquoted shares of subsidiaries, which is eliminated on consolidation, is stated at cost. Where there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(h) on impairment of non-financial assets.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. The cost of inventories comprises the original purchase price plus cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(p) Provisions

Provisions are made when the Group's entities have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee Benefits

(i) Short-term Employee Benefits

Salaries, wages, annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group's entities.

(ii) Defined Contribution Plan

The Group's entities are required by law to make monthly contributions to Employees Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees. The Group's entities and their employees are required to make monthly contributions to EPF calculated at certain prescribed rates of the employees' salaries. The Group's entities's contributions to EPF are disclosed separately, included in salaries and wages and shown under staff costs.

(iii) Share-based Compensation

The Group's Employees Share Options Scheme ("ESOS") allows the employees to acquire shares of the Company. The total fair value of share options granted to eligible employees is recognised as an employee cost in profit or loss with a corresponding increase in the equity compensation reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of the share options is measured at grant date taking into account, if any, the market vesting conditions upon which the options were granted but exceeding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At the end of the each reporting period, the Group revises its estimates of the number of share options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the equity compensation reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to capital reserve.

The proceeds received net of any directly attributable transactions costs are credited to equity when the options are exercised.

(r) Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loan and receivables comprise 'trade receivables', 'other receivables', 'refundable deposits', 'amounts owing by other related companies', 'amounts owing by subsidiaries' and 'fixed deposits, cash and bank balances'.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Financial assets (Cont'd)

(ii) Available-for-sale ("AFS") financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Directors intends to dispose of it within 12 months of the end of the reporting period. The Group's AFS financial assets comprise AFS investments.

Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Subsequent measurement – gains and losses

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income; except for impairment losses (see accounting policy Note 3(s)) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value changes.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Divided income on available-for-sale financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(s) Impairment of financial assets

Assets carried at amortised cost

The Group assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset of group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists. 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Impairment of financial assets (Cont'd)

in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contact. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale financial assets

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The Group uses criteria and measurement of impairment loss applicable for 'asset carried at amortised cost' above. If, in a subsequent period, the fair value of an instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

In addition to the criteria for 'asset carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in the available-for-sale reserve is removed and recognised in profit or loss.

The amount cumulative loss that is reclassified to profit or loss is the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

(t) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. Gain and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 difference terms, or the terms of an existing liability are substantially modified, such as exchange or modification is treated as 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents, included cash in hand, cash at bank and deposit held at call with banks net of bank overdrafts.

(v) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

(w) Equity Instruments

Ordinary shares and special share are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The transaction costs of an equity transaction are accounted for as a deduction for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transactions which would otherwise have been avoided.

(x) Dividends

Interim dividends are recognised as a liability in the period in which they are declared. Final dividends are recognised in the period approval of shareholders' is obtained.

(y) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated based on the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue. Diluted EPS is calculated based on the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue, assuming exercise of existing outstanding ESOS into ordinary shares of RM1 each.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Group based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances:

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as follows:

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating-units to which goodwill has been allocated.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Impairment of goodwill (Cont'd)

The value-in-use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating-unit and a suitable discount rate in order to calculate present value.

(b) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and doubtful debts expenses in the financial year in which such estimate has changed.

5. REVENUE

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Sales of fresh fruit bunches	16,799,013	22,822,777	-	-
Plantation management fees receivable from other related companies (Note 29)	759,442	417,787	-	-
	17,558,455	23,240,564	-	-

6. SEGMENT REPORTING

The Board of Directors' is the Group's chief operating decision maker.

The Board assesses the performance of the operating segments based on profit before tax.

For management reporting purposes, the Group is organised into the following operating divisions according to the internal reporting structure:

- Plantation
- Plantation management fees
- Investment holding
- Others (consist of subsidiaries which are dormant and pre-operating)

Inter-segment sales are charged at cost plus a percentage profit mark-up.

Other segment activities comprise mainly expenses incurred by certain subsidiaries which are not directly attributable to any significant segment.

Segmental information by geographical location has not been disclosed as the Group operates only in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

6. SEGMENT REPORTING (CONT'D)

Segment information provided to the Board for reportable segments for the financial year:

Group 2013	Plantation RM	Plantation management fees RM	Investment holding RM	Others RM	Inter-company eliminations RM	Consolidated RM
Revenue						
External sales	16,799,013	759,442	-	-	-	17,558,455
Inter-segment sales	-	2,326,607	-	-	(2,326,607)	-
Total revenue	16,799,013	3,086,049	-	-	(2,326,607)	17,558,455
Results						
Segment results	(2,763,068)	(142,416)	5,161,795	1,331,538	(1,439,851)	2,147,998
Profit from operations						2,147,998
Finance costs						(1,903,086)
Profit before tax						244,912
Tax credit						217,854
Net profit for the financial year						462,766

Group 2013	Plantation RM	Plantation management fees RM	Investment holding RM	Others RM	Consolidated RM
Other information					
Additions to property, plant and equipment and plantation development expenditure	7,555,415	-	849,881	-	8,405,296
Depreciation and amortisation	3,878,463	7,219	188,142	4,959	4,078,783
Statement of Financial Position					
Assets					
Segment assets	135,651,447	1,759,850	15,750,568	26,756	153,188,621
Unallocated corporate assets	-	-	-	3,372	3,372
Consolidated total assets					153,191,993
Liabilities					
Segment liabilities	54,162,128	86,228	6,436,251	14,941	60,699,548
Unallocated corporate liabilities	9,863,786	-	-	33,600	9,897,386
Consolidated total liabilities					70,596,934

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

6. SEGMENT REPORTING (CONT'D)

Group 2012	Plantation RM	Plantation management fees RM	Investment holding RM	Others RM	Inter-company eliminations RM	Consolidated RM
Revenue						
External sales	22,822,777	417,787	-	-	-	23,240,564
Inter-segment sales	-	1,828,533	-	-	(1,828,533)	-
Total revenue	22,822,777	2,246,320	-	-	(1,828,533)	23,240,564
Results						
Segment results	4,615,890	(482,426)	239,253	905,520	(1,788,500)	3,489,737
Profit from operations						3,489,737
Finance costs						(164,323)
Profit before tax						3,325,414
Tax credit						292,707
Net profit for the financial year						3,618,121

Group 2012	Plantation RM	Plantation management fees RM	Investment holding RM	Others RM	Consolidated RM
Other information					
Additions to property, plant and equipment and plantation development expenditure	7,016,578	1,899	14,200	-	7,032,677
Depreciation and amortisation	3,904,391	17,001	98,949	6,019	4,026,360
Statement of Financial Position					
Assets					
Segment assets	131,361,550	1,002,969	11,040,759	54,693	143,459,971
Unallocated corporate assets	-	-	-	3,372	3,372
Consolidated total assets					143,463,343
Liabilities					
Segment liabilities	43,742,844	149,240	5,929,519	39,632	49,861,235
Unallocated corporate liabilities	10,081,640	-	-	33,600	10,115,240
Consolidated total liabilities					59,976,475

Revenue of approximately RM16,781,777 (2012: RM22,822,777) is derived from 2 major customers. The revenue is attributable to plantation segment.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

7. FINANCE COSTS

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Interest expense on:				
Term loans	1,619,614	2,176,886	-	-
Less: Interest expense recognised in plantation development expenditure (Note 12)	(628,017)	(804,053)	-	-
	991,597	1,372,833	-	-
Bank overdrafts	468,842	-	-	-
Hire-purchase	116,330	117,717	20,896	7,296
Late-payment interest	115	155,641	115	155,641
Provision for interest payable to a former minority shareholder:				
Current year	326,202	537,733	-	-
Overprovision in prior year	-	(2,019,852)	-	-
Other	-	251	-	251
	1,903,086	164,323	21,011	163,188

8. PROFIT BEFORE TAX

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

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Reversal of accrued expenses over-recognised in prior years	-	807,213	-	251,480
Reversal of other payables over taken up in prior years	-	704,864	-	168,021
Interest income:				
- Fixed deposits with licensed banks	39,180	275,953	32,961	163,624
- Subsidiaries	-	-	481,931	516,193
Gain on disposal of property, plant and equipment	109,340	11,906	105,000	-
Gain on disposal of investment properties	5,251,968	-	5,251,968	-
Management fees receivable from subsidiaries (Note 29)	-	-	1,946,473	2,029,730
Rental income receivable from subsidiaries (Note 29)	-	-	61,510	115,881
Allowance for doubtful debts	-	-	(13,516)	(106,147)
Amortisation of plantation development expenditure	(2,230,645)	(2,176,409)	-	-
Amortisation of prepaid lease payments	(489,070)	(863,659)	-	-
Audit fee:				
- Current year	(60,000)	(84,500)	(25,000)	(45,000)
- Underprovision in prior year	(8,696)	(14,000)	(2,996)	(11,000)
Bad debts written off	-	(44,438)	-	(44,438)
Deposits written off	-	(37,808)	-	(6,602)
Depreciation of property, plant and equipment (Note 11)	(1,359,068)	(986,292)	(188,142)	(98,949)
Property, plant and equipment written off	-	(30,383)	-	-
Rental of premises payable to other related companies (Note 29)	(137,429)	(117,429)	(89,264)	(88,488)
Waiver of debt by former shareholder of a subsidiary	(1,351,834)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

8. PROFIT BEFORE TAX (CONT'D)

b) Operating costs applicable to revenue

	Group	
	2013 RM	2012 RM
Inventories recognised in expense	3,907,483	5,070,316

c) Directors' remuneration

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive directors:				
Fees	12,000	18,000	12,000	18,000
Other emoluments	845,523	1,071,567	845,523	1,071,567
Equity compensation benefits	-	70,758	-	70,758
Non-executive directors:				
Fees	38,000	38,000	18,000	18,000
Other emoluments	6,000	17,000	6,000	17,000
	901,523	1,215,325	881,523	1,195,325

Included in directors' remuneration are contributions to EPF made by the Group and the Company for the current year amounting to RM105,939 (2012: RM127,993).

d) Staff costs

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Salaries and allowances	5,882,153	4,224,004	812,006	846,267
Equity compensation benefits	-	161,364	-	53,670
	5,882,153	4,385,368	812,006	899,937

Staff costs include salaries, contributions to EPF, bonuses and all other staff related expenses. Included in staff costs are contributions to EPF made by the Group and by the Company for the current year amounting to RM353,750 and RM74,807 (2012: RM309,490 and RM66,143) respectively.

9. TAX CREDIT

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Tax expense comprises				
Estimated tax payable:				
Underprovision in prior years	-	(4,611)	-	-
	-	(4,611)	-	-
Deferred tax (Note 27):				
Current year	217,854	296,536	-	-
Over provision in prior years	-	782	-	-
	217,854	297,318	-	-
Total tax credit	217,854	292,707	-	-

A reconciliation of tax credit applicable to profit before tax at the statutory income tax rate to tax credit at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax	244,912	3,325,414	5,140,783	76,065
Tax expense at income tax rate of 25%	(61,228)	(831,353)	(1,285,196)	(19,016)
Tax effect of income/(expenses) not chargeable/(deductible) in determining tax	(37,099)	(536,551)	1,252,413	(171,984)
Tax effect on allowable plantation development expenditure	283,398	609,690	-	-
Utilisation of deferred tax asset previously not recognised	32,783	1,054,750	32,783	191,000
Underprovision in prior years	-	(3,829)	-	-
Tax Credit	217,854	292,707	-	-

Tax savings from utilisation of unused tax losses and unabsorbed capital allowances brought forward not recognised as deferred tax assets amounted to RM32,783 and RM32,783 (2012: RM1,054,750 and RM191,000) for the Group and of the Company respectively

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

10. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per ordinary share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue as at financial year end as follows:

	Group	
	2013 RM	**2012 RM**
Profit attributable to owners of the Company	462,766	3,329,876
	Units	**Units**
Number of shares in issue as of 1 January / 31 December	111,666,787	111,666,787
Basic earnings per share (sen)	0.41	2.98

Diluted earnings per share

Diluted earnings per ordinary share is calculated by dividing net profit for the financial year by the weighted average number of ordinary shares in issue after adjustment for the effects of dilution by potential ordinary shares as at financial year end as follows:

	Group	
	2013 RM	**2012 RM**
Net profit attributable to owners of the Company	462,766	3,329,876
	Units	**Units**
Number of shares in issue as of 1 January /31 December	111,666,787	111,666,787
Effect of ESOS	6,561,000	6,561,000
	118,227,787	118,227,787
Diluted earnings per share (sen)	0.39	2.82

11. PROPERTY, PLANT AND EQUIPMENT

Group 2013	At beginning of year RM	Additions RM	Disposal RM	Reclassification RM	At end of year RM
Cost					
Buildings	3,002,735	998,800	-	2,432,975	6,434,510
Plant and machinery	8,711,247	625,640	-	50,293	9,387,180
Renovations, furniture, fixtures and equipment	2,787,302	253,658	-	-	3,040,960
Motor vehicles	2,844,724	575,555	(387,600)	261,137	3,293,816
Motor vehicles under hire-purchase	2,417,328	787,540	-	(261,137)	2,943,731
Construction in progress	813,037	2,684,181	-	(2,483,268)	1,013,950
	20,576,373	5,925,374	(387,600)	-	26,114,147

2013	At beginning of year RM	Charge for the year RM	Disposal RM	Reclassification RM	At end of year RM	Net book value RM
Accumulated Depreciation						
Buildings	176,633	75,015	-	-	251,648	6,182,862
Plant and machinery	7,345,182	385,860	-	-	7,731,042	1,656,138
Renovations, furniture, fixtures and equipment	2,424,985	125,132	-	-	2,550,117	490,843
Motor vehicles	2,318,048	213,435	(382,770)	90,311	2,239,024	1,054,792
Motor vehicles under hire-purchase	1,033,352	559,626	-	(90,311)	1,502,667	1,441,064
Construction in progress	-	-	-	-	-	1,013,950
	13,298,200	1,359,068	(382,770)	-	14,274,498	11,839,649

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2012	At beginning of year RM	Additions RM	Transfer to plantation development expenditure (Note 12) RM	Write-offs RM	Disposal RM	Reclassification RM	At end of year RM
Cost							
Buildings	2,199,275	572,173	-	-	-	231,287	3,002,735
Plant and machinery	7,446,108	1,265,139	-	-	-	-	8,711,247
Renovations, furniture, fixtures and equipment	2,789,904	92,473	-	(53,735)	(41,340)	-	2,787,302
Motor vehicles	2,073,408	525,119	-	(374,843)	-	621,040	2,844,724
Motor vehicles under hire-purchase	2,570,981	467,387	-	-	-	(621,040)	2,417,328
Construction in progress	1,103,300	813,038	(872,014)	-	-	(231,287)	813,037
	18,182,976	3,735,329	(872,014)	(428,578)	(41,340)	-	20,576,373

Group 2012	At beginning of year RM	Charge for the year RM	Transfer to plantation development expenditure (Note 12) RM	Write-offs RM	Disposal RM	Reclassification RM	At end of year RM	Net book Value RM
Accumulated Depreciation								
Buildings	131,717	44,916	-	-	-	-	176,633	2,826,102
Plant and machinery	7,087,632	257,550	-	-	-	-	7,345,182	1,366,065
Renovations, furniture, fixtures and equipment	2,323,400	136,847	-	(23,356)	(11,906)	-	2,424,985	362,317
Motor vehicles	1,886,350	185,497	-	(374,839)	-	621,040	2,318,048	526,676
Motor vehicles under hire-purchase	1,292,910	361,482	-	-	-	(621,040)	1,033,352	1,383,976
Construction in progress	7,267	-	(7,267)	-	-	-	-	813,037
	12,729,276	986,292	(7,267)	(398,195)	(11,906)	-	13,298,200	7,278,173

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2013	At beginning of year RM	Additions RM	Disposal RM	At end of year RM
Cost				
Renovations, furniture, fixtures and equipment	949,603	62,341	-	1,011,944
Motor vehicles	544,286	-	(375,000)	169,286
Motor vehicles under hire-purchase	198,204	787,540	-	985,744
	1,692,093	849,881	(375,000)	2,166,974

	At beginning of year RM	Charge for the year RM	Disposal RM	At end of year RM	Net Book value RM
Accumulated Depreciation					
Renovations, furniture, fixtures and equipment	804,479	42,927	-	847,406	164,538
Motor vehicles	537,203	362	(375,000)	162,565	6,721
Motor vehicles under hire-purchase	123,594	144,853	-	268,447	717,297
	1,465,276	188,142	(375,000)	1,278,418	888,556

Company 2012	At beginning of year RM	Additions RM	Reclassification RM	At end of year RM
Cost				
Renovations, furniture, fixtures and equipment	940,403	9,200	-	949,603
Motor vehicles	73,109	5,000	466,177	544,286
Motor vehicles under hire-purchase	664,381	-	(466,177)	198,204
	1,677,893	14,200	-	1,692,093

	At beginning of year RM	Charge for the year RM	Reclassification RM	At end of year RM	Net Book value RM
Accumulated Depreciation					
Renovations,furniture, fixtures and equipment	750,199	54,280	-	804,479	145,124
Motor vehicles	65,997	5,029	466,177	537,203	7,083
Motor vehicles under hire-purchase	550,131	39,640	(466,177)	123,594	74,610
	1,366,327	98,949	-	1,465,276	226,817

Property, plant and equipment of the Group with net book value of RM5,839,180 (2012: RM2,476,601) are charged to a licensed bank in respect of credit facilities granted to the Group as disclosed in Note 25 and Note 26.

Included in property, plant and equipment of the Group and the Company are fully depreciated property, plant and equipment which are still in use, with an aggregate cost of approximately RM11,235,000 (2012: RM11,234,000) and RM1,184,000 (2012: RM1,175,000) respectively.

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For the financial year ended 31 December 2013

12. PLANTATION DEVELOPMENT EXPENDITURE

	Group	
	2013 RM	2012 RM
Cost:		
At beginning of year	95,099,069	91,856,258
Transfer from property, plant and equipment (Note 11)	-	864,747
Additions	2,479,924	3,297,348
Amount over-recognised in prior year	-	(919,284)
At end of year	97,578,993	95,099,069
Accumulated amortisation:		
At beginning of year	(11,775,063)	(9,598,654)
Amortisation for the year	(2,230,645)	(2,176,409)
At end of year	(14,005,708)	(11,775,063)
Net	83,573,285	83,324,006

Plantation development expenditure of the Group with carrying amount of RM81,295,871 (2012: RM81,311,212) is charged to a licensed bank for credit facilities granted to the Group as disclosed in Note 26.

Included in additions during the year is interest capitalised amounting to RM628,017 (2012: RM804,053), as disclosed in Note 7.

13. PREPAID LEASE PAYMENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cost:				
At beginning of year	27,383,527	27,383,527	-	-
Addition	9,147,600	-	9,147,600	-
At end of year	36,531,127	27,383,527	9,147,600	-
Accumulated amortisation:				
At beginning of year	(5,330,696)	(4,467,037)	-	-
Amortisation for the year	(489,069)	(863,659)	-	-
At end of year	(5,819,765)	(5,330,696)	-	-
Net book value	30,711,362	22,052,831	9,147,600	-

13. PREPAID LEASE PAYMENTS (CONT'D)

The unexpired lease period of leasehold land and buildings of the Group and of the Company are as follows:

	Net book value Group		Net book value Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
44 years (45 years in 2012)	18,989,786	19,431,409	-	-
55 years (56 years in 2012)	2,573,976	2,621,422	-	-
99 years	9,147,600	-	9,147,600	-
	30,711,362	22,052,831	9,147,600	-

Certain leasehold land and buildings with carrying amounts of RM18,989,786 (2012: RM19,431,409) are pledged to a licensed bank for credit facilities granted to the Group as disclosed in Note 26.

Tubau Corporation Sdn Bhd ("TCSB") and Sin Heng Chan (Malaya) Berhad had entered into a Shares Sale and Shareholders and Development Agreement ("SSSDA") dated 31 December 2008 for the joint development of two parcels of land ("the Lands") into an oil palm plantation, which is subject to specific terms and conditions imposed by the Sarawak State Government. Pursuant to the SSSDA, TCSB has executed an irrevocable assignment of the Lands in favour of the Company on 29 November 2010.

On 6 December 2013, a subsidiary of the Company entered into a share sales agreement with Assar Plantations Holding Sdn Bhd to acquire 100% of equity interest in TCSB. The acquisition of the entire equity interest in TCSB has enabled the Group to obtain ownership of the Lands held by TCSB.

14. INVESTMENT PROPERTIES

Group and Company 2013	**Freehold land RM**	**Leasehold land RM**	**Total RM**
Cost:			
At beginning of year	544,000	5,203,820	5,747,820
Disposal	-	(4,785,691)	(4,785,691)
At end of year	544,000	418,129	962,129
Accumulated depreciation:			
At beginning of the year	-	270,117	270,117
Disposal	-	(250,146)	(250,146)
At end of the year	-	19,971	19,971
Net book value	544,000	398,158	942,158

14. INVESTMENT PROPERTIES (CONT'D)

Group and Company 2012	**Freehold land RM**	**Leasehold land RM**	**Total RM**
Cost:			
At beginning of year	544,000	5,203,820	5,747,820
Disposal	-	-	-
At end of year	544,000	5,203,820	5,747,820
Accumulated depreciation:			
At beginning of the year	-	270,117	270,117
Disposal	-	-	-
At end of the year	-	270,117	270,117
Net book value	544,000	4,933,703	5,477,703

The fair value of the investment properties as at 31 December 2013 is estimated at RM1,414,521 has been arrived at by the Directors based on reference to market evidence of transaction prices for similar properties. As at 31 December 2013, the Directors assessed the fair value of its investment properties based on the current prices in the market of properties of similar conditions and locations.

Investment properties of the Group and of the Company did not generate rental income during the financial year. Direct operating expenses incurred by the Group and the Company for investment properties during the financial year amounted to RM49,099 (2012: RM49,157).

15. INVESTMENT IN SUBSIDIARIES

	Company 2013 RM	2012 RM
Unquoted shares in subsidiaries – at cost	61,456,395	61,459,530
Impairment loss	(86,196)	(86,196)
At end of year	61,370,199	61,373,334

The subsidiaries (all incorporated in Malaysia) are as follows:

Direct subsidiaries	Effective equity interest 2013	2012	Principal activities
Ayam Segar Sdn. Bhd.	100%	100%	Pre-operating.
Goldkist (Malaysia) Sdn. Bhd.	100%	100%	Dormant.
Goldkist (NS) Sdn. Bhd.	100%	100%	Dormant.
Kuala Lumpur Feedmill Sdn. Bhd.	100%	100%	Pre-operating.
SHC Technopalm Plantation Services Sdn. Bhd.	100%	100%	Provision of management services.
SHC Realty Sdn. Bhd	100%	100%	Dormant.
Sin Heng Chan Feed Sdn. Bhd.	100%	100%	Dormant.
Urun Plantations Sdn. Bhd.	100%	100%	Cultivation of palm oil.
SHC Tubau Plantation Sdn. Bhd.	100%	100%	Cultivation of palm oil.
Subsidiary of SHC Tubau Plantation Sdn. Bhd.			
Tubau Corporation Sdn. Bhd.	100%	-	Property holding.

During the financial year, the Group completed the following transactions:

On 6 December 2013, SHC Tubau Plantation Sdn. Bhd. entered into a share sales agreement with Assar Plantations Holding Sdn Bhd to acquire 100% equity interest in Tubau Corpration Sdn. Bhd, a company incorporated in Malaysia, for a cash consideration of RM100. There is no financial impact arising from the acquisition as the Company is dormant.

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16. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investment consists of:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Unquoted shares:				
At cost	3,245,969	3,245,969	2,800,000	2,800,000

The details of the available-for-sale investments (all incorporated in Malaysia) are as follows:

	Effective equity interest 2013	Effective equity interest 2012	Principal activities
PTS Goldkist Industries Sdn. Bhd.	20%	20%	Manufacturing and trading of formulated animal feeds.
Subsidiary of PTS Goldkist Industries Sdn. Bhd.			
LKPP – Goldkist Sdn. Bhd.	12%	12%	Broiler breeding and the planting of fragrant coconut trees.

17. GOODWILL ON CONSOLIDATION

	Group 2013 RM	Group 2012 RM
At beginning of year	16,354,080	16,354,080
Goodwill arising from acquisition of a subsidiary	1,588	-
At end of year	16,355,668	16,354,080

Goodwill on consolidation arose mainly from acquisition of a subsidiary which is principally involved in the cultivation of oil palm. Goodwill on consolidation has been allocated to the Group's cash-generating-unit ("CGU") namely, cultivation of oil palm.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Impairment testing for cash-generated units containing goodwill

For the purpose of impairment testing, carrying amount of goodwill is allocated to the Group's CGU identified as oil palm plantation.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on internally approved financial budgets covering a five-year period which reflect management's expectations of revenue and EBITDA margin based on past experience and future expectations of business performance.

17. GOODWILL ON CONSOLIDATION (CONT'D)

Impairment testing for cash-generated units containing goodwill (Cont'd)

The key assumptions used in the value in use calculations are as follows:

(a) basis for budgeted gross margin is the average gross margin achieved in the financial year immediately before the budgeted financial year, adjusted for expected efficiency improvements; and
(b) Group's pre-tax discount rate of 9.0% derived in accordance with the requirements of FRS 136 'Impairment of Assets' reflect specific risks relating to the Group.

The key assumptions represent management's assessment of future trends in the oil palm industry and are based on both external sources and internal sources.

The forecasts are most sensitive to changes in discount rate in the forecast period. Based on the sensitivity analysis performed, the Directors have concluded that any variation of 10% in the base case assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

18. INVENTORIES

	Group	
	2013	**2012**
	RM	**RM**
At cost:		
Consumables	1,513,304	545,856
Cover crop seeds	-	4,850
	1,513,304	550,706

19. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

(a) Trade receivables

	Group	
	2013	**2012**
	RM	**RM**
Not past due and not impaired	1,085,668	1,373,808
Impaired receivables	1,406,238	1,406,238
Less: Allowance for doubtful debts	(1,405,909)	(1,405,909)
	329	329
At end of year	1,085,997	1,374,137

Trade receivables of the Group comprise amounts receivable for the sales of goods. The credit period granted on sales of goods ranges from 10 to 30 days (2012: 10 to 30 days). As at 31 December 2013, there are no receivables of the Group that were past due but not impaired. All trade receivables are denominated in Ringgit Malaysia.

An allowance of RM1,405,909 (2011: RM1,405,909) has been made for estimated irrecoverable amounts from the sales of goods of the Group in prior years, based on individual assessment of the payment history of the trade debtors. There were no movement in the allowance for doubtful debts during the financial year (2012: Nil).

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For the financial year ended 31 December 2013

19. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (CONT'D)

(b) Other receivables and prepaid expenses consist of:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	8,694,434	8,647,390	6,833,738	6,833,738
Less: Allowance for doubtful debts	(8,553,380)	(8,553,380)	(6,828,380)	(6,828,380)
	141,054	94,010	5,328	5,358
Refundable deposits	298,102	233,102	229,830	229,010
Deposits paid for acquisitions of property, plant and equipment	48,817	204,625	-	-
Prepaid expenses	517,418	247,412	109,828	114,361
	1,005,391	779,149	345,016	348,729

All other receivables and prepaid expenses are denominated in Ringgit Malaysia.

(i) Past due but not impaired

As at 31 December 2013, RM141,054 (2012: RM94,010) of other receivables of the Group and RM5,328 (2012: RM5,328) of other receivables of the Company were past due but not impaired.

(ii) Impaired and provided for

Movement of the Group's allowance for doubtful debts is as follows:

	Group	
	2013 RM	2012 RM
At beginning of year	8,553,380	8,553,380
Movement	-	-
At end of year	8,553,380	8,553,380

As at 31 December 2013, there were no movements in the allowance for doubtful debts in the Company (2012: Nil).

Included in other receivables, deposits and prepaid expenses of the Group and of the Company are rental deposits and advance rental of RM198,028 (2012: RM197,208) paid to Desa Samudra Sdn. Bhd., a company in which Dato' Choo Keng Weng is also a director. Transactions with related parties are disclosed in Note 29.

As of the end of the reporting period, there was significant concentration of credit risk arising from amount owing by two (2) major customers which accounted for 52% (2012: 93%) of total trade and other receivables of the Group. The extension of credit to and repayments from these customers are closely monitored by the management to ensure that they adhere to the agreed credit term and policies. There is no material credit risk of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

20. AMOUNTS OWING BY/(TO) SUBSIDIARIES AND OTHER RELATED COMPANIES

Amounts owing by/(to) subsidiaries and other related companies are unsecured, interest-free and repayable on demand.

All amounts owing by/(to) subsidiaries and other related companies are denominated in Ringgit Malaysia, as follows:

	Company	
	2013 RM	2012 RM
Amounts owing by subsidiaries		
- net of allowance for doubtful debts RM13,328,761 (2012: RM13,315,245)	16,292,631	15,359,675
Amounts owing to subsidiaries	(37,635)	(41,051)

Amounts owing by/(to) subsidiaries arose mainly from trade transactions and interest-free advances and is repayable on demand.

(i) Past due but not impaired

As at 31 December 2013, RM16,292,631 (2012: RM15,359,675) of amounts owing from subsidiaries were past due but not impaired.

(ii) Impaired and provided for

Movement of the Company's allowance for doubtful debts is as follows:

	Company	
	2013 RM	2012 RM
At beginning of year	13,315,245	13,209,098
Movement	13,516	106,147
At end of year	13,328,761	13,315,245

21. FIXED DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed deposits with licensed banks	1,050,000	823,891	1,050,000	750,000
Cash and bank balances	260,482	1,363,558	101,433	963,990
Fixed deposits, cash and bank balances	1,310,482	2,187,449	1,151,433	1,713,990
Less: Bank overdraft	(17,092,102)	-	-	-
Cash and cash equivalents	(15,781,620)	2,187,449	1,151,433	1,713,990

Fixed deposits, cash and bank balances are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

21. FIXED DEPOSITS, CASH AND BANK BALANCES (CONT'D)

The maturity periods of the deposits as at the end of the financial year are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
Fixed deposits with licensed banks	7 to 30 days	7 to 360 days	7 to 30 days	7 to 30 days

The weighted average interest rates per annum are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
Fixed deposits with licensed banks	2.95% to 3.25%	2.95% to 3.35%	2.95% to 3.25%	2.95% to 3.35%

22. SHARE CAPITAL

	Group & Company	
	2013	**2012**
	RM	**RM**
Authorised:		
500,000,000 ordinary shares of RM1 each	500,000,000	500,000,000
Issued and fully paid:		
111,666,787 ordinary shares of RM1 each	111,666,787	111,666,787

Share Options

The Employees Share Option Scheme ("ESOS") for eligible employees of the Group, which expired on 12 July 2009 was extended for another five years period, with expiry on 12 July 2014. On 1 June 2012, the Company made an offer to grant 6,584,000 share options to the eligible employees of the Group pursuant to the ESOS.

The number and movements in the Company's ESOS options are as follows:

	Number of options over ordinary shares of RM1 each	
	2013	**2012**
	Unit'000	**Unit'000**
At beginning of year	6,561	633
Granted	-	6,584
Forfeited	(422)	(656)
At end of year	6,139	6,561

22. SHARE CAPITAL (CONT'D)

The salient features of the ESOS are as follows:

(a) the total number of shares which may be made available shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.

(b) any employee (including the executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee:

   (i) is employed by and on the payroll of a company within the Group;

   (ii) must have attained the age of eighteen (18) years;

   (iii) is not an executive director who represents the government or a government institution/agency; and

   (iv) is not a government employee serving in the public service scheme as defined under Article 132 of the Federal Constitution.

(c) no option shall be granted for less than 100 shares.

(d) option shall be granted at the discretion of the ESOS committee based on job ranking, length of services, contribution and performance of the selected employee provided that:

   (i) not more than ten percent (10%) of the shares available under the ESOS shall be allocated to any individual executive director or selected employee who, either singly or collectively through his/her associates, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company; and

   (ii) not more than fifty percent (50%) of the shares available under the ESOS shall be allocated, in aggregate, to the executive directors and senior management.

(e) the option price shall be determined based on a discount of not more than ten percent (10%) from the average of the mean market quotation of the ordinary shares of the Company as quoted and shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five (5) preceding market days prior to the date of offer or at par value of the ordinary shares of the Company, whichever is higher.

(f) the options granted may be exercised at anytime within a period of five (5) years from the date of offer of the option or extended to not more than another five (5) years commencing from the day after the expiry of the original five (5) years period.

(g) the persons to whom the options are granted have no right to participate by virtue of the options in any other share options of any other company within the Group.

Equity compensation reserve

Equity compensation reserve, which relates to the equity-settled share options granted to eligible employees by the Company, is made up of the cumulative value of services received from employees recorded on grant of share options

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

23. REVALUATION SURPLUS

Revaluation surplus arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the revaluation surplus that relates to that asset, and that is effectively realised, is recognised in other compehensive income

24. HIRE-PURCHASE PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total installments outstanding	2,011,519	2,007,507	736,876	85,981
Less: Interest-in-suspense	(171,566)	(180,517)	(92,075)	(5,592)
Principal outstanding	1,839,953	1,826,990	644,801	80,389
Less: Portion due within one year	(697,772)	(590,444)	(110,708)	(38,995)
Non-current portion	1,142,181	1,236,546	534,093	41,394

The non-current portion is repayable as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Due in:				
More than one year but less than two years	599,896	615,349	97,947	28,284
More than two years but less than three years	199,145	513,141	93,006	11,192
More than three years	343,140	108,056	343,140	1,918
	1,142,181	1,236,546	534,093	41,394

The interest rates implicit in the hire-purchase payables of the Group and of the Company range from 2.36% to 4.25% (2012: 2.36% to 4.25%) per annum. The Group's and the Company's hire-purchase payables are secured by financial institutions charge over the assets under hire-purchase.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

25. BORROWINGS

	Group 2013 RM	2012 RM
Current:		
Bank overdraft	17,092,102	-
Term loan	39,135	-
	17,131,237	-
Non-current:		
Term loan	740,988	-
Total borrowings		
Bank overdraft	17,092,102	-
Term loan	780,123	-
	17,872,225	-
Less: Repayable after more than one year	(740,988)	-
	17,131,237	-
The maturity profile of borrowings is as follows:		
Less than 1 year	17,131,237	-
Between 1 and 3 years	83,745	-
Between 3 and 5 years	91,616	-
More than 5 years	565,627	-
	17,872,225	-

Borrowings are denominated in Ringgit Malaysia.

Interest rate for borrowings is on floating basis. Effective interest rate as at 31 December 2013 is 4.5% and 5.6% per annum for term loan and bank overdrafts respectively.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

26. LONG-TERM LOANS

	Group	
	2013 RM	2012 RM
Non-current portion:		
Outstanding loan principal	30,000,000	28,807,356

The non-current portion is repayable as follows:

	Group	
	2013 RM	2012 RM
Due in:		
More than one year but less than two years	3,000,000	2,700,000
More than two years but less than three years	3,000,000	2,700,000
More than three years	24,000,000	23,407,356
	30,000,000	28,807,356

The term loans are obtained by a subsidiary from licensed banks.

During the year, the subsidiary has fully settled the term loan amounting to RM28,807,356, which bear interest ranging from 6.6% to 7.1% per annum with new term loan facilities obtained from another licensed bank on 28 February 2013. The said new facilities amounted to RM60,000,000, with a drawdown of RM30,000,000 as at 31 December 2013, bear interest at 5.1% per annum, and are repayable over 120 monthly installments commencing March 2015.

The new term loan facilities are secured by:

(a) First party first legal charge over 2 adjoining pieces of oil palm land held by the subsidiary of the Company.

(b) A specific debenture over the oil palm plantation of a subsidiary of the Company.

(c) Corporate Guarantee of the Company for RM85,000,000.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

27. DEFERRED TAX LIABILITIES

Group 2013	At beginning of year RM	Recognised in profit or loss (Note 9) RM	At end of year RM
Deferred tax liabilities			
Temporary differences arising from:			
- Revaluation of property, plant and equipment, and prepaid lease payments	(10,081,640)	217,854	(9,863,786)
- Property, plant and equipment, and plantation development expenditure	(6,718,000)	(65,000)	(6,783,000)
	(16,799,640)	152,854	(16,646,786)
Deferred tax assets			
Unabsorbed capital allowances	4,560,000	577,000	5,137,000
Unused tax losses	1,665,000	(101,000)	1,564,000
Temporary differences arising from other payables and accrued expenses	493,000	(411,000)	82,000
	6,718,000	65,000	6,783,000
	(10,081,640)	217,854	(9,863,786)

2012			
Deferred tax liabilities			
Temporary differences arising from:			
- Revaluation of property, plant and equipment, and prepaid lease payments	(10,377,958)	296,318	(10,081,640)
- Property, plant and equipment, and plantation development expenditure	(6,639,000)	(79,000)	(6,718,000)
	(17,016,958)	217,318	(16,799,640)
Deferred tax assets			
Unabsorbed capital allowances	4,761,000	(201,000)	4,560,000
Unused tax losses	1,014,000	651,000	1,665,000
Temporary differences arising from other payables and accrued expenses	864,000	(371,000)	493,000
	6,639,000	79,000	6,718,000
	(10,377,958)	296,318	(10,081,640)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

27. DEFERRED TAX LIABILITIES (CONT'D)

As mentioned in Note 3(f), deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. As at 31 December 2013, the amount of unabsorbed capital allowances and unutilised tax losses for which no deferred tax asset have been recognised in the financial statements due to uncertainty of realisation, are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unabsorbed capital allowances	4,952,138	4,832,000	1,545,000	1,545,000
Unused tax losses	78,151,186	74,892,000	32,139,000	32,216,000
	83,103,324	79,724,000	33,684,000	33,761,000

The unabsorbed capital allowances and unused tax losses are subject to agreement by the tax authorities.

28. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and on-going costs. The credit period granted to the Group for trade purchases ranges from 15 to 90 days (2012: 15 to 90 days).

Other payables and accrued expenses consist of:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other payables	6,657,248	12,774,740	5,706,364	5,677,385
Provision for interest payable to a former non-controlling interest	326,201	1,973,850	-	-
Accrued expenses	123,383	599,390	28,940	115,600
	7,106,832	15,347,980	5,735,304	5,792,985

Included in other payables and accrued expenses of the Group and the Company are amounts of RM6,455,059 (2012: RM14,128,858) and RM5,600,000 (2012: RM5,600,000) respectively owing to a former non-controlling interest of a subsidiary. The amount owing by the Company arose from additional acquisition of shares in a subsidiary in prior years, whereas the amount owing by the subsidiary arose from payments on behalf in prior years, which is unsecured and repayable on demand. These amounts owing are interest-free except for an amount of RM840,172 (2012: RM6,555,008) owing by the subsidiary which bears interest at rate of 8% (2012: 8%) per annum.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party relationships and transactions.

The related parties and their relationship with the Company and the Group are as follows:

Name of related party	Relationship
Anika Desiran Sdn. Bhd.	A company in which Dato' Choo Keng Weng and Mr. Sy Choon Yen are also directors and persons connected to them.
Desa Samudra Sdn. Bhd.	A company in which Dato' Choo Keng Weng is also a director and shareholder.
Eco-Plantations Sdn. Bhd.	A company in which Dato' Choo Keng Weng and Mr. Sy Choon Yen are also directors and persons connected to them.
Java Berhad	A company in which Dato' Choo Keng Weng and Mr. Sy Choon Yen are also shareholders and Mr. Sy Choon Yen is also a director.
Ladang Bunga Tanjong Sdn. Bhd.	A company in which Dato' Choo Keng Weng and Mr. Sy Choon Yen are also directors.
Ratus Awansari Sdn. Bhd.	A company in which Dato' Choo Keng Weng and Mr. Sy Choon Yen are also directors and persons connected to them.
Sg. Kalabakan Estate Sdn. Bhd.	A company in which Dato' Choo Keng Weng and Mr. Sy Choon Yen are also directors and persons connected to them.
SPR Energy Sdn Bhd	A company in which Mr. Sy Choon Yen is also director.

Transactions with companies outside of the Group but related to the Directors are presented in the financial statements and notes to the financial statements as transactions with other related companies.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

During the financial year, significant related party transactions are as follows:

(a) Group

	2013 RM	2012 RM
Provision of plantation management services to other related companies		
- Ladang Bunga Tanjong Sdn. Bhd.	363,895	244,685
- Sg. Kalabakan Estate Sdn. Bhd.	172,916	126,988
- Eco-Plantations Sdn. Bhd.	103,784	23,057
- Anika Desiran Sdn. Bhd.	118,847	23,057
	759,442	417,787
Rental of property from other related company		
- Desa Samudra Sdn. Bhd.	137,429	117,429
Sale of furniture and fittings to other related company		
- SPR Energy Sdn Bhd	-	41,340

(b) Company

	2013 RM	2012 RM
Rental of property from a related company		
- Desa Samudra Sdn. Bhd.	89,264	88,488
Provision of management services to subsidiaries		
- Urun Plantations Sdn. Bhd.	1,529,212	1,847,856
- SHC Technopalm Plantation Services Sdn. Bhd.	417,261	181,874
	1,946,473	2,029,730
Rental of premises to subsidiaries		
- Urun Plantations Sdn. Bhd.	40,317	86,940
- SHC Technopalm Plantation Services Sdn. Bhd.	21,193	28,941
	61,510	115,881

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel

The remuneration of key management personnel during the year is as follows:

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Short-term employee benefits	1,128,383	1,179,444	739,584	996,574
Equity compensation benefits	225,369	232,122	120,809	124,428
EPF contributions	130,179	147,469	105,939	127,993
	1,483,931	1,559,035	966,332	1,248,995

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company includes Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Group and of the Company.

30. CAPITAL COMMITMENT

As at 31 December 2013, the Group and the Company have the following capital commitment:

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Approved and contracted for arising from:				
Purchase of property, plant and equipment	689,000	1,568,400	-	-

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31. FINANCIAL RISK MANAGEMENT

(a) Capital Risk Management Policies

The objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balances. The Group's overall strategy remains unchanged since 2011.

The capital structure of the Group consists of net debts (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital and reserves). The Group monitors capital using a gearing ratio, which is net debt divided by total equity attributable to owners of the Company.

The Group reviews its capital structure on a semi-annual basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Gearing Ratio

The gearing ratio analysis at end of the reporting period is disclosed as follows:

	Group	
	2013 RM	**2012 RM**
Debt (i)	49,712,178	30,634,346
Cash and cash equivalents	(1,310,482)	(2,187,449)
Net debt	(48,401,696)	28,446,897
Equity (ii)	82,595,059	83,486,868
Gearing ratio	59%	34%

(i) Debt is defined as hire-purchase obligations and long-term loans as disclosed in Notes 24, 25 and 26.

(ii) Equity includes issued capital, reserve and non-controlling interests.

(b) Financial Risk Management Policies

The operations of the Group are subject to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities.

Various risk management policies are formulated for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial Risk Management Policies (Cont'd)

Market risk

(i) Commodity price risk

The Group is exposed to commodity price risk since the price of oil palm fresh fruit bunches ("FFB") is subject to fluctuations due to unpredictable factors such as weather, change of global demand, global production, crude oil prices and global production of similar and completive crops.

Revenue of the Group is therefore subject to price fluctuations in the commodity market.

As at 31 December 2013, a sensitivity analysis has been performed based on the Group's exposure to commodity prices. A 10% increase or decrease in FFB prices with all other variables being held constant, would increase or decrease the Group's profit before tax, by approximately RM1,755,846.

(ii) Interest rate risk

Interest rate 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 interest rates.

The Group is exposed to interest rate risk mainly through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 25 and 26.

The interest rates for hire-purchase payables and amount owing to non-controlling interest and, which are fixed at the inception of the financing arrangements are disclosed in Notes 24 and 28.

The Group's interest bearing financial asset is mainly its fixed deposits with licensed banks. The deposits placements as at the end of the reporting period, which bear interest fixed at initiation as disclosed in Note 21, are short-term and therefore their exposure to the effects of future changes in prevailing level of interest rates are limited.

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in the interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the financial year would be increased or decreased as follows:

	2013 RM	2012 RM
Floating rate liability		
Long-term loans	239,361	144,037

Other financial assets and financial liabilities are non-interest bearing and therefore are not affected by changes in interest rates.

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31. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial Risk Management Policies (Cont'd)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and assigns credit limits to these counterparties by using its own trading records and the counterparties' financial information. The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's exposure to significant concentration of credit risk to any single counterparty or any company of counterparties having similar characteristics is disclosed in Note 19. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by local credit-rating agencies.

The carrying amount of financial assets recognised in the financial statements represents the Group's maximum exposure to credit risk without taking into account collateral or other credit enhancements held.

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations due to shortage of funds.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The tables below summarise the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations at the statement of financial position date. The tables include both interest and principal cash flows:

Group 2013	Contractual interest rate	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Financial liabilities						
Non-interest bearing:						
Trade payables		3,809	-	-	-	3,809
Other payables and accrued expenses		6,252	-	-	-	6,252
Amount owing to related parties		71	-	-	-	71
Interest bearing:						
Other payables	8.0%	855	-	-	-	855
Hire-purchase payables	2.36% - 4.25%	698	600	199	343	1,840
Long-term loans	5.1%	-	3,000	9,000	18,000	30,000
Bank overdrafts	5.6%	17,092	-	-	-	17,092
Borrowings	4.5%	39	41	43	657	780
		28,816	3,641	9,242	19,000	60,699

NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial Risk Management (Cont'd)

Group 2012	Contractual interest rate	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Financial liabilities						
Non-interest bearing:						
Trade payables		3,808	-	-	-	3,808
Other payables and accrued expenses		6,819	-	-	-	6,819
Amount owing to other related companies		71	-	-	-	71
Interest bearing:						
Other payable	8.0%	8,529	-	-	-	8,529
Hire-purchase payables	3.5%	690	673	644	-	2,007
Long-term loans	5.1%	-	2,700	8,100	18,007	28,807
		19,917	3,373	8,744	18,007	50,041

Company 2013	Contractual interest rate	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000
Financial liabilities					
Non-interest bearing:					
Other payables and accrued expenses		5,735	-	-	5,735
Amount owing to subsidiaries		38	-	-	38
Amount owing to other related parties		56	-	-	56
Interest bearing:					
Hire-purchase payables	2.36% - 3.25%	111	98	436	645
		5,940	98	436	6,474

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial Risk Management (Cont'd)

Company 2012	Contractual interest rate	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000
Financial liabilities					
Non-interest bearing:					
Other payables and accrued expenses		5,793	-	-	5,793
Amount owing to subsidiaries		41	-	-	41
Amount owing to other related parties		56	-	-	56
Interest bearing:					
Hire-purchase payables	3.5%	43	29	14	86
		5,933	29	14	5,976

(c) Fair Value of Financial Instruments

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and liabilities carried at amortised cost in the financial statements approximate their fair values due to short maturities of the financial instruments.

	2013		2012	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Hire-purchase payables	1,839,953	1,839,953	1,826,990	1,826,990
Long-term loan	30,000,000	23,577,771	28,807,356	23,221,263
Bank overdrafts	17,092,102	17,092,102	-	-
Borrowings	780,123	780,123	-	-
Company				
Hire-purchase payables	644,801	644,801	80,389	80,389

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Fair Value of Financial Instruments (Cont'd)

The fair values of long-term loans and hire-purchase payables are estimated using discounted cash flow analysis based on the prevailing borrowing rates of similar borrowings obtainable by the Group and the Company.

No disclosure is made for balances with related companies and related parties as it is impractical to determine their fair values with sufficient reliability given these balances are repayable on demand.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted (unadjusted) prices in active markets for identical assets.
Level 2: Valuation inputs (other than Level 1 input) that are based on observable market data for the asset or liability, whether directly or indirectly.
Level 3: Valuation that are not based on observable market data for the asset or liability.

As at the reporting date, the Group and the Company held the following financial instruments carried at fair values in the statements of financial position:

	Group	
	2013 RM	**2012 RM**
Level 3		
Available-for-sale financial assets:		
Available-for-sale investment	3,245,969	3,245,969

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

32. SUPPLEMENTARY INFORMATION

On 25 March 2011, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2011, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the accumulated losses of the Group and of the Company as of 31 December 2013 into realised and unrealised losses, pursuant to the directive, is as follows:

	Group	
	2013 RM	2012 RM
Total accumulated losses of the Company and its subsidiaries		
Realised	(51,565,223)	(56,187,301)
Unrealised	-	-
	(51,565,223)	(56,187,301)
Less: Consolidation adjustments	22,268,126	23,006,702
Total accumulated losses as per statements of Financial position	(29,297,097)	(33,180,599)

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements as issued by the Malaysian Institute of Accountants on 20 December 2011. A charge or credit to the profit or loss of a legal entity is deemed realised when it resulted from the consumption of resources of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia and is not made for any other purposes

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Choo Keng Weng and Thomas Tuan Kit Kwong, two of the Directors of Sin Heng Chan (Malaya) Berhad state that, in the opinion of the Directors, the financial statements set out on pages 38 to 92 are drawn up in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 32 on page 92, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants.

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

DATO' CHOO KENG WENG
Director

THOMAS TUAN KIT KWONG
Director

Kuala Lumpur
1 April 2014

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Choo Keng Weng, being the Director primarily responsible for the financial management of Sin Heng Chan (Malaya) Berhad , do solemnly and sincerely declare that the financial statements set out on pages 38 to 92 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.

DATO' CHOO KENG WENG

Subscribed and solemnly declared by the abovenamed **Dato' Choo Keng Weng** at **Kuala Lumpur** on 1 April 2014.

Before me,

COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS
As at 18 March 2014

Authorised Share Capital	:	RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each
Paid-up Share Capital	:	RM111,666,787
Class of Share	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDING

Size of Shareholdings	No. of Holders	%	Total Holdings	%
1 – 99	117	3.51	3,319	0.00
100 – 1,000	1,061	31.86	953,499	0.85
1,001 – 10,000	1,651	49.59	7,326,161	6.56
10,001 – 100,000	440	13.21	12,956,760	11.60
100,001 – 5,583,338	57	1.71	40,694,234	36.44
5,583,339 and above	4	0.12	49,732,814	44.55
	3,330	100.00	111,666,787	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Substantial Shareholder	No. of Shares	%	No. of Shares	%
Wan Jin Resources SdnBhd	19,182,125	17.18	-	-
Dato' Sri Esa bin Mohamed	16,738,989	14.99	-	-
Dato' Choo Keng Weng	15,785,793[1]	14.14	2,925,000[2]	2.62
Samudera Sentosa Sdn Bhd	8,000,000	7.16	-	-

Notes:
[1] Includes shares held by nominees.
[2] Deemed interest in shares held by Macronet Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

ANALYSIS OF SHAREHOLDINGS
As at 18 March 2014

THIRTY LARGEST ORDINARY SHAREHOLDERS

No.	Shareholders	No. of Shares Held	%
1	Sabah Development Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wan Jin Resources Sdn Bhd*	19,182,125	17.18
2	Esa Bin Mohamed	12,580,689	11.27
3	HDM Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Choo Keng Weng (M09)*	9,970,000	8.93
4	Sabah Development Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Samudera Sentosa Sdn Bhd*	8,000,000	7.16
5	Choo Keng Weng	5,053,793	4.53
6	Niaga Serimas Sdn Bhd	5,001,000	4.48
7	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for J.V. Avenue Sdn Bhd*	4,828,162	4.32
8	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Esa Bin Mohamed*	4,158,300	3.72
9	Macronet Sdn Bhd	2,925,000	2.62
10	HSBC Nominees (Tempatan) Sdn Bhd *Exempt An for Credit Suisse (SG BR-TST-TEMP)*	2,052,000	1.84
11	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohd Salleh Bin Yeop Abd Rahman*	1,560,000	1.40
12	Asraman Sdn Bhd	1,283,900	1.15
13	Teh Sen Siew	1,050,200	0.94
14	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Soh Boon Chen (CEB)*	929,400	0.83
15	Chu Siew Fei	842,700	0.75
16	Maybank Securities Nominees (Tempatan) Sdn Bhd *Maybank Kim Eng Securities Pte Ltd for Eng Holdings Sdn Bhd*	838,553	0.75
17	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for OCBC Securities Private Limited (Client A/C-NR)*	801,671	0.72
18	Lee Lai Leng	695,600	0.62
19	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Choo Keng Weng*	600,000	0.54
20	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cheng Teck Loong*	430,800	0.39
21	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ang Poh Eng*	424,800	0.38
22	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Chong Lee Fong (MQ0269)*	402,000	0.36
23	Tan Soon Chai	310,000	0.28
24	Ku Nee Kher @ Chew Fa	300,000	0.27
25	Tan Kim Hia @ Tan Kim Hai	300,000	0.27
26	Leong Sze Eam	251,400	0.23
27	Ho Ching Yeu	250,000	0.22
28	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sek Liak Seng (CEB)*	250,000	0.22
29	Eng See Tiau	249,000	0.22
30	Tay Kuan Tea @ Tay Swee Seng	244,000	0.22
	Total	85,765,093	76.80

ANALYSIS OF SHAREHOLDINGS
As at 18 March 2014

DIRECTORS' INTEREST IN SHARES (Based on the Register of Directors' Shareholdings)

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tuan Syed Omar Bin Syed Abdullah				
Dato' Choo Keng Weng	15,785,793[1]	14,14	2,925,000[2]	2,62
YBM Tunku Mahmood Bin Tunku Mohammed D.K.	-	-	-	-
Mr. Thomas Tuan Kit Kwong	-	-	-	-
Mr. Mak Hon Weng	-	-	-	-

Notes:
[1] Includes shares held by nominees.
[2] Deemed interest in shares held by Macronet Sdn Bhd by virtue of Section 6A of the Companies Act, 1965.

DIRECTORS' INTEREST IN OPTIONS (Based on the Register of Directors' Shareholdings)

	No. of Shares
Tuan Syed Omar Bin Syed Abdullah	600,000[1]
Dato' Choo Keng Weng	1,400,000[2]
YBM Tunku Mahmood Bin Tunku Mohammed D.K.	-
Mr. Thomas Tuan Kit Kwong	-
Mr. Mak Hon Weng	-

Notes:
[1] Granted on 13 July 2004
[2] Granted on 1 June 2012

List of Properties Held
As at 31 December 2013

Landed properties in the Group consist of:

	Location	Description	Area	Tenure (Year Expiring)	Age of Building	Net Book Value (RM)
A.	**Freehold**					
1	Holding 2058, 2060 & 2062 Mukim Tanjong Kling 76400 Melaka	Vacant Land	127,576 sq. ft.	-	-	544,000
B.	**Leasehold**					
1	129A Jalan Mutahir 75300 Melaka	Vacant Land	9,440 sq. ft.	2061	52 years	398,158
2	Provisional Lease Lot 4, Punan Land District, Sarawak	Oil Palm Plantation with Office/Store/ Worker Quarters	10,730 hectares	2057	13 years	18,989,786
	Provisional Lease Lot 7, Dulit Land District, Sarawak	Oil Palm Plantation	267 hectares	2057	N/A	
3	Lot 10 Rasan Land Jalan Bintulu-Bakun Tubau Bintulu	Oil Palm Plantation	257.9 hectares	2068	N/A	2,573,975
	Lot 8 Rasan Land Jalan Bintulu-Bakun Tubau Bintulu	Oil Palm Plantation	13.951 hectares	2068	N/A	
4.	Klebang Land, Melaka	Vacant Land	261,360 sq.ft.	2113	N/A	9,147,601
	Grand Total					**31,653,520**

SIN HENG CHAN (MALAYA) BERHAD (4690-V)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of Shares Held	

I/We,..
(FULL NAME IN BLOCK LETTERS)

of..
(ADDRESS IN FULL)

being a member/members of **SIN HENG CHAN (MALAYA) BERHAD**, hereby appoint ....

....
(FULL NAME IN BLOCK LETTERS)

of..
(ADDRESS IN FULL)

or failing him/her, the CHAIRMAN OF MEETING, as my/our proxy to vote for me/us and on my/our behalf at the Fifty-Second (52nd) Annual General Meeting of the Company to be held at Dillenia & Eugenia Rooms, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 8 May 2014 at 10:00 a.m. and at any adjournment thereof, on the following resolutions as indicated below:

RESOLUTION	FOR	AGAINST
1. To re-elect Tuan Syed Omar Bin Syed Abdullah, a Director who retires by rotation in accordance with Article 94 of the Articles of Association of the Company. (Ordinary Resolution 1)		
2. To re-elect YBM Tunku Mahmood Bin Tunku Mohammed D.K., a Director who retires by rotation in accordance with Article 94 of the Articles of Association of the Company. (Ordinary Resolution 2)		
3. To re-elect Mr. Mak Hon Weng, who retires in accordance with Article 100 of the Articles of Association of the Company. (Ordinary Resolution 3)		
4. To approve the payment of Directors' fees amounting to RM30,000.00 for the financial year ended 31 December 2013. (Ordinary Resolution 4)		
5. To re-appoint Messrs. Ecovis AHL as Auditors and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)		
6. **Special Businesses:** To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. (Ordinary Resolution 6)		
7. To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed Additional Shareholders' Mandate for Recurrent Related Party Transactions. (Ordinary Resolution 7)		
8. To retain YBM Tunku Mahmood Bin Tunku Mohammed D.K. as Independent Non- Executive Director. (Ordinary Resolution 8)		

(Please indicate with an "x" on how you wish your vote to be cast. In the absence of specific directions, your proxy may vote or abstain at his/ her discretion.)

* *Delete the words "the Chairman of the Meeting" if you wish to appoint some other person(s) to be your proxy.*

Dated this .... day of 2014

....
Signature or Common Seal of Shareholder(s)

Notes:

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Act shall not apply to the Company.*
2. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies it may appoint in respect of each Omnibus Account.*
3. *In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorised in writing.*
4. *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.*
5. *To be valid, the original Form of Proxy, must be completed and deposited at the Registered Office of the Company at Suite 2.02, Level 2, Wisma E&C, No. 2, Jalan Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.*
6. *The lodging of a completed Form of Proxy will not preclude a member from attending and voting in person at the meeting should the member subsequently wish to do so, however such attendance would be an automatic revocation of the proxy's authority unless an intimation in writing has been made to the Company at the registered office.*
7. *For the purposes of determining a member entitled to attend the meeting, the Company will request Bursa Malaysia Depository SdnBhd (in accordance with Article 66(b) of the Company's Articles of Association), to issue the Record of Depositors ("ROD") as at 2 May 2014 for determining the depositors who shall be deemed to be the registered holders of the shares of the Company eligible to be present and vote at the meeting. Only a depositor whose name appears on the ROD as at 2 May 2014 shall be entitled to attend the meeting.*

Fold this flap for sealing

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Affix Stamp
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THE COMPANY SECRETARY
SIN HENG CHAN (MALAYA) BERHAD
SUITE 2.02, LEVEL 2
WISMA E & C
NO.2, LORONG DUNGUN KIRI
DAMANSARA HEIGHTS
50490 KUALA LUMPUR
MALAYSIA

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SIN HENG CHAN (MALAYA) BERHAD (4690-V)
(Incorporated in Malaysia)

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