SIN HENG CHAN (MALAYA) BERHAD (4690-V)

(Incorporated in Malaysia)

ANNUAL REPORT
2016

CONTENTS

55TH ANNUAL GENERAL MEETING

TIME
8 JUNE 2017, THURSDAY
10.00 A.M.

VENUE
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
(Resigned w.e.f. 30/11/2016)

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

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

Mr. Thomas Tuan Kit Kwong
Independent Non-Executive

Mr. Mak Hon Weng
Independent Non-Executive

AUDIT COMMITTEE

Chairman
Mr. Thomas Tuan Kit Kwong

Members
YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI

Mr. Mak Hon Weng

REMUNERATION COMMITTEE

Chairman
YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI

Members
Dato' Choo Keng Weng

Mr. Thomas Tuan Kit Kwong

NOMINATION COMMITTEE

Chairman
Mr. Thomas Tuan Kit Kwong

Member
YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI

COMPANY SECRETARIES

Ms. Lim Siew Ting (MAICSA 7029466)
(Resigned w.e.f. 13/10/2016)

Ms. Lim Seck Wah (MAICSA 0799845)
(Appointed w.e.f. 14/10/2016)

Ms. Kong Mei Kee (MAICSA 7039391)
(Appointed w.e.f. 14/10/2016)

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
Malaysia
Tel : 03-7720 1188
Fax : 03-7720 1111

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
CIMB Bank Berhad

AUDITORS

MESSRS ECOVIS AHL PLT
Chartered Accountants
No. 9-3, Jalan 109F
Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur

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)

- **SHC Technopalm Plantation Services Sdn Bhd** — 100%
- **Urun Plantations Sdn Bhd** — 100%
- **Goldkist (Malaysia) Sdn Bhd** — 100%
- **Goldkist (NS) Sdn Bhd** — 100%
- **Sin Heng Chan Feed Sdn Bhd** — 100%
- **SHC Realty Sdn Bhd** — 100%

PROFILE OF **DIRECTORS**

DATO' CHOO KENG WENG

Male, Managing Director/Non-Independent Executive
Aged 67, Malaysian

Dato' Choo Keng Weng 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 a Bachelor of Science and a Master in Business Administration (MBA) in Finance (USA). After graduating 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, plantations and timber manufacturing.

He does not hold any directorships in any other public companies. He sits in the boards of several private limited companies.

He holds 17,364,293 shares in SHC. He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

YBM TUNKU MAHMOOD BIN TUNKU MOHAMMED D.K. PSI

Male, Independent Non-Executive Director
Aged 72, Malaysian

YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI 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. PSI served the military for many years. He is a businessman and is involved with the plantation and hospitality industries. In 2012, YBM Tunku Mahmood was appointed as "Jumaah Majlis Diraja Johor". He was nominated as a Member or The Royal Court of Johor.

He is also a Director of Java Berhad, a public company listed on the Bursa Malaysia Securities Berhad. He also serves on the boards of several other private companies.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

MR. THOMAS TUAN KIT KWONG

Male, Independent Non-Executive Director
Aged 53, Malaysian

Mr. Thomas Tuan Kit Kwong was appointed to the Board on 11 November 2011.

He is the Chairman of Audit Committee and a member of Nominating Committee of the Company.

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. He left to join Kelanamas Industries Berhad. He was appointed as Director and CEO of Pakai Industries Berhad since 1995.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

MR. MAK HON WENG

Male, Independent Non-Executive Director
Aged 64, Malaysian

Mr. Mak Hon Weng was appointed to the Board on 21 March 2014.

He is a Chartered Accountant (FCCA) and Chartered Secretary (ACIS) by training. He is also a member of the Malaysian Institute of Accountants (MIA). Mr. Mak is a member of the Audit Committee.

He has more than 35 years of experience in senior managerial positions, mostly in the banking industry. He last served as Senior Vice President with Alliance Bank Malaysia Bhd focusing in project financing for the real estate and construction sector.

He does not hold any directorships in any other public companies.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

OTHER INFORMATION:

Attendance at Board Meetings
The attendance of the Directors at Board Meetings is disclosed in the Corporate Governance Statement on page 12 of the Annual Report 2016.

Directors' Shareholdings
Details of Directors' Shareholdings in the Company are as disclosed on page 99 of the Annual Report 2016.

Conflict of Interest
All Directors have no family relationship with each other or major shareholders of Sin Heng Chan (Malaya) Berhad. They have no conflict of interest in Sin Heng Chan (Malaya) Berhad.

Conviction of Offences
All Directors have no convictions of offences within the past 5 years.

KEY SENIOR MANAGEMENT **PROFILE**

DATO' CHOO KENG WENG

Male, Managing Director/Non-Independent Executive
Aged 67, Malaysian

Please refer to his Director's Profile appearing in page 4 of the Annual Report 2016.

TIE CHOON KEAT

Male, Financial Controller
Aged 49, Malaysian

Mr. Tie is a Chartered Accountant (FCCA) by profession. He is also a member of the Malaysian Institute of Accountants (MIA).

He has extensive exposure in financial management with more than 25 years of experience which covers various industries such as construction, real estate, property development, trading, utilities and others. He last served as General Manager, Finance with a listed company in the real estate and construction sector.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

CHOO KIN CHOONG

Male, Group Operations Manager
Aged 26, Malaysian

Mr. Choo graduated in 2012 with a Bachelor of Arts in Philosophy, Politics and Economics from the University of Oxford, United Kingdom. He has been involved with the group's operations in the palm oil and forest plantation sector for the past five years.

He is the son of Dato' Choo Keng Weng, who is the Group Managing Director of the Company. Save as disclosed herein, he does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest in the Company. He has no convictions for any offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

NORILEE ABU HASSAN

Male, Estate Operations Manager
Aged 54, Malaysian

Mr Norilee has been with the SHC Group since 2012 and was appointed as the Estate Operations Manager in 2015. He graduated with a Diploma in Planting Industry and Management from UITM in 1984.

Mr Norilee has extensive experiences in plantation operations after spending 33 years with several large plantation base companies involved in the cultivation of oil palm, rubber, cocoa, coconut and tea. Prior to joining the Group, he worked for 10 years with Guthrie (now Sime Darby) serving various estates in Peninsular Malaysia, 11 years with IOI Corporation and 3 years as a consultant on oil palm planting with a private company covering Sumatra and Kalimantan, Indonesia.

He does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for offences within the past five years. There were no sanctions and/or penalties imposed on him by any regulatory body during the financial year.

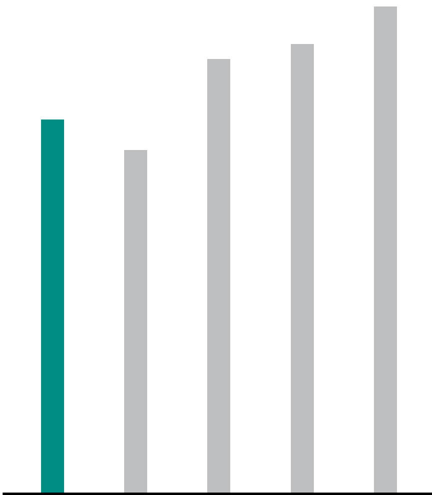
FIVE YEAR
FINANCIAL SUMMARY

FINANCIAL YEAR ENDED 31 DECEMBER (RM'000)	2016	2015	2014	2013	2012
Turnover - Continuing operation	14,898	14,784	19,017	17,558	23,241
Profit/(Loss) for the financial year attributable to:					
Equity holders of the Company	2,610	(5,528)	(3,402)	463	3,330
Minority Interest	-	-	-	-	288
Paid-up Capital	115,067	115,067	115,067	111,667	111,667
Total Tangible Asset	135,746	135,284	139,727	136,836	127,109
Shareholders' Funds	79,449	76,839	82,368	82,595	83,487
Earnings/(Loss) per share (sen)	2.27	(4.80)	(2.96)	0.41	2.98
Net Assets Per Share (sen)	69	67	72	74	75
Net Tangible Assets Per Share (sen)	55	53	57	59	60

TURNOVER
(RM'000)

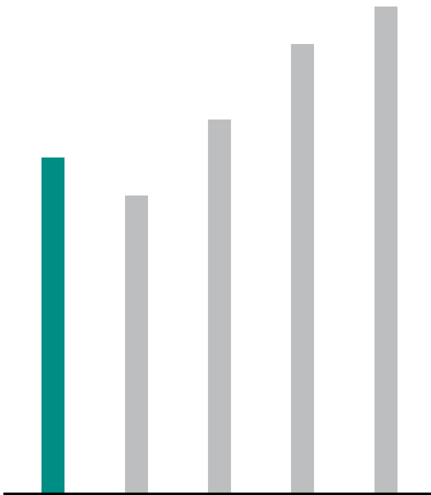
2016	2015	2014	2013	2012
14,898	14,784	19,017	17,558	23,241

SHAREHOLDERS' FUNDS
(RM'000)



2016	2015	2014	2013	2012
79,449	76,839	82,368	82,595	83,487

NET ASSETS PER SHARE
(SEN)



2016	2015	2014	2013	2012
69	67	72	74	75

MANAGEMENT DISCUSSION AND ANALYSIS

Sin Heng Chan (Malaya) Berhad ("our Group") is principally involved in the oil palm plantation business.

DESCRIPTION OF OUR GROUP BUSINESS AND STRATEGIES

As at 31 December 2016, our Group has a plantation landbank of approximately 27,174 acres in Sarawak. Our Group also holds three parcels of land in Melaka for investment purposes.

Moving forward, our Group aims to continue pursuing growth opportunities that will enhance value to our shareholders. This includes diversification into viable businesses that can provide stable and recurring income to the Group. By doing so, we hope to complement the earnings from the existing plantation business which are volatile in nature and dependent on factors that were not within control of the Group, such as the price of Crude Palm Oil. The Group will continue to assess options to unlock the value of our strategically held landbank in Melaka.

FINANCIAL REVIEW

Revenue

Our Group's revenue for the financial year ("FY") ended 2016 was marginally higher at RM14.9 million as compared to RM14.8 million in 2015. The increase in revenue was attributable to higher average Crude Palm Oil ("CPO") prices during the second half of the year. The average CPO selling price for the year was RM2,639 per metric tonne ("mt"), compared to RM2,172 per mt in 2015. The consequent increase in the price of fresh fruit bunches ("FFB") helped to mitigate the plantation's decrease in FFB production yield in 2016 as compared to 2015.

Cost and Expenses

In the FY2016, our Group's total cost and expenses before finance costs amounted to RM15.800 million, which was lower compared to RM18.775 million in the FY2015. The Group's efforts to improve cost efficiency led to a decrease in the cost of sales by RM2.895 million.

EBITDA

Our Group registered a much improved EBITDA of RM9.248 million in 2016 as compared to RM1.297 million in 2015. The improvement was mainly attributable to the proceeds from the disposal of SHC Tubau, a wholly owned subsidiary, for RM10.500 million in 2016. This has strengthened the Group's cash and cash equivalent position as at 31 December 2016.

Other Income

Other income of the Group recorded a significant increase in 2016 due to the recognition of gains from the disposal of SHC Tubau, a wholly owned subsidiary, amounting to RM5.318 million. The disposal allowed the Group to unlock value for shareholders and to utilise the proceeds for other activities that will bring more returns to the Group in the future.

Finance Cost

Our Group finance costs decreased to RM2.464 million during the year from RM3.012 million a year ago mainly due to the reversal of interest provided in the previous year. Without the reversal, the Group incurred higher finance costs of RM2.908 million relating to the same bank facilities as compared to RM2.560 million in year 2015. This was due to a higher interest rate payable during the year.

Profit Attributable to Equity Holders of the Company

In the FY2016, the Group registered a profit attributable to equity holders of the Company of RM2.610 million. This compares favorably to the loss attributable to equity holders of RM5.529 million registered in 2015. The turnaround in performance was largely due to gains from disposal of a subsidiary of RM5.318 million. Excluding this gain from the disposal, the Group did improve operationally with a lower loss of RM2.708 million as compared to 5.529 million from the previous year.

Liquidity and Capital Resources

As at 31 December 2016, our Group's fixed deposits, cash and bank balances stood at RM12.707 million, compared with RM4.401 million in the previous year. This steep improvement of RM8.307 million during the year was largely attributable to the proceeds of RM10.500 million received from the disposal of a wholly owned subsidiary during the year.

Gearing

The gearing ratio of our Group as at 31 December 2016 has decreased to 53.70% from 69.34% in 2015 due to the repayment of loans during the year. The gearing ratio is calculated as total debt divided by total capital where the total debt is calculated as total borrowings (including "short term and long term borrowings" as shown in the statements of financial position). Total capital is calculated as total equity plus reserves.

Prospects

For 2017, our Group's performance will be mainly driven by CPO prices and our FFB production. CPO prices are largely a reflection of industry stockpiles, which are in turn dependent on a variety of factors such as industry-wide weather conditions, global demand from major importing countries, as well as the direction of substitute edible oils and crude oil prices. Other key factors include currency fluctuations and the progress of biodiesel implementation in Malaysia and Indonesia.

Within this context, the Group will continue its focus on improving its FFB production yield and cost management. The Group remains vigilant of the challenges that may arise from adverse weather conditions, rising costs and labour supply. The Group remains fundamentally optimistic about the long term prospects of the palm oil industry. As the most widely consumed vegetable oil in the world, palm oil and its derivatives are used in a vast range of products, including food products, detergents, cosmetics and biofuels.

In terms of business development, the Group intends to complement our current plantation activities by seeking new strategic investments that reduce the Group's dependence on a single source of income and create long term value to our shareholders.

OPERATIONAL REVIEW

Plantation

During the year under review, the Group's production of FFB declined to 28,209 mt from 36,864 mt in 2015. The decrease in FFB was mainly attributable to extremely severe weather conditions compared to previous years, which adversely affected road infrastructure and hampered the evacuation of FFB to the mill. The marked increase in the number of rainfall days and overall rainfall during the early part of the year also contributed to the decrease in production.

The decline in FFB production of the Group mirrored the broader trend of the Malaysian palm oil sector, which saw an industry-wide decline in output. As a result of decreasing industry stockpiles, the Group's average CPO selling price recovered to RM2,639 per mt for the year compared to RM2,172 per mt in 2015. This increase more than compensated for the decline in FFB production and led to marginally higher revenue for the year.

In 2016, the Group continued its efforts to reduce operational costs and improve efficiencies. Efforts to implement mechanisation of the harvesting process and maintenance works are ongoing. These efforts will be crucial to reduce the estate's requirement of manual labour in the future.

In order to improve the evacuation of FFB from the field, the Group will continue to focus its efforts on improving the infrastructure of the estate through the surfacing of existing field roads and construction of bridges. As part of the Group's commitment to human resource development, the Group will continue internal training programs for our valued staff members and workers.

The Group will also continue its commitment to supporting local communities that surround the estate by offering opportunities for employment and contributing to community development projects.

NOTE OF APPRECIATION

Foremost, the Board of Directors would like to record our utmost gratitude and appreciation to our outgoing Chairman, Tuan Syed Omar bin Syed Abdullah, who resigned during the year due to health reasons. Tuan Syed's advice and leadership was a significant contributor to the Group's achievements and we wish him all the best in his future endeavours.

We would also like to extend our gratitude to our valued stakeholders for their invaluable support during the year, including our customers, investors, vendors, business associates, financiers, and the relevant authorities.

The Group would also like to acknowledge the hard work and dedication of our management and staff members, as well as the members of our Board, who have worked with diligence and distinction in pursuit of our goals. We look forward to your continued support in the coming year.

Thank you.

DATO' CHOO KENG WENG
Managing Director

STATEMENT OF CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance 2012 essentially aims to set out principles and specific recommendations on structures and processes used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholders' value.

The Board of Directors of Sin Heng Chan (Malaya) Berhad strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and recommendations set out in Malaysian Code of Corporate Governance 2012 ("MCCG 2012") respectively.

BOARD OF DIRECTORS

Board Responsibilities

The Board is primarily responsible for the Group's overall strategic plans for business performance, overseeing the proper conduct of business, succession planning, risk management, shareholders' communication, internal control, management information systems and statutory matters; whilst management is accountable for the execution of the expressed policies and attainment of the Group's expressed corporate objectives. The demarcation complements and reinforces the supervisory role of the Board.

The Board has approved the Board Charter which sets out a list of specific functions that are reserved for the Board. The Board Charter addresses the following matters:

i. Board Membership, which includes composition, appointments and re-election and independence of Directors;
ii. Role of the Board, which includes duties and responsibilities and matters reserved for the Board;
iii. Role of Chairman, Managing Director and Chief Executive Officer;
iv. Board Committees and Board Meetings;
v. Directors' Remuneration;
vi. Directors' Training and Continuing Education;
vii. Financial Reporting;
viii. Investor Relations and Shareholders' Communication;
ix. Relationship with other Stakeholders;
x. Company Secretary; and
xi. Access to Information and Independent Advice.

The Board Charter will be reviewed periodically to ensure its relevance and compliance.

The Board had formalized and approved the Board Charter. The Board Charter will be reviewed periodically to ensure its relevance and compliance and remains consistent with the Board's objectives and best practices. The Board Charter can be accessed at the Company's website at www.shcm.com.my. The last review and update of Board Charter was on 23 February 2017.

The Board has finalised and approved the Code of Ethics and Whistleblowing policy. They can be accessed at the Company's website at www.shcm.com.my. The last review was on 23 February 2017.

The Board recognises the environment sustainability role as a corporate citizen in its business approach and always endeavors in adopting most environmental friendly, ecological and cost effective production process.

The Board also endeavors in developing Group objectives and strategies having regard to the Group's responsibilities to its shareholders, employees, customers and other stakeholders and ensuring the long term stability of the business, succession planning and sustainability of the environment. The corporate social responsibilities undertaken by the Group is stated in page 22 of the Annual Report.

Role of the Board of Directors

The Board assumes responsibility for stewardship of the Company and its subsidiaries and is primarily responsible for the overall strategic business plans, its business conducts, 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, annual reports and key material announcements;
(e) reviewing business strategy including significant acquisition and disposal of subsidiaries or assets or liabilities;
(f) reviewing operating budgets, significant investments and capital expenditures; and
(g) corporate policies in keeping with good corporate governance and business practices.
(h) succession plans and risks management.

Board Composition and Balance

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

With the resignation of the Chairman/Non-Independent Executive, Tuan Syed Omar Bin Syed Abdullah on 30 November 2016, the Board currently comprises of four (4) Directors of whom three (3) are independent. Independent Non-Executive Directors form more than half of the Board, thus fulfilling the requirement under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that at least one third of the Board members are independent directors. This ensures that minority shareholders' interests are adequately represented.

The list of Directors is as follows:

Executive Directors	Independent Non-Executive Directors
Tuan Syed Omar Bin Syed Abdullah Chairman (Resigned w.e.f. 30/11/2016)	YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI
Dato' Choo Keng Weng Managing Director	Mr. Thomas Tuan Kit Kwong
	Mr. Mak Hon Weng

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 4 and 5 of the Annual Report.

Currently, the Board is led by the Managing Director, Dato' Choo Keng Weng. The office of Chairman was left vacant since 30 November 2016. 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. PSI 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-Fifth (55th) 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. PSI 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. PSI 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.
- He would approach the management for the rationale of the proposals and would deliberate it objectively.

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	Designation	No. of Meetings Attended
Tuan Syed Omar Bin Syed Abdullah (Resigned w.e.f. 30/11/2016)	Chairman/ Non-Independent Executive	1/4
Dato' Choo Keng Weng	Managing Director/ Non-Independent Executive	4/4
YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI	Independent Non-Executive	3/4
Mr. Thomas Tuan Kit Kwong	Independent Non-Executive	4/4
Mr. Mak Hon Weng	Independent Non-Executive	4/4

All the Directors holding office at the end of the financial year ended 31 December 2016 have complied with the minimum attendance at Board meetings as stipulated by the Listing Requirements of Bursa Malaysia Securities Berhad.

Supply of, and Access to, Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

The Company will serve 7 days of Notice together with the board papers/explanatory notes before the respective Board or Audit Committee or Board Committees meeting.

Good practices have been observed for timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings. The Executive Directors and/or other relevant Board members furnish comprehensive explanation on pertinent issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making.

In addition, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors have access to all information of the Company on a timely basis in an appropriate manner to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretary, who oversees adherence with board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committees meetings and ensures that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Appointment

The appointment of new Directors is under the purview of the Nomination Committee which is responsible for making recommendations to the Board on the suitable candidates for appointment.

The Nomination Committee will review and recommend to the Board on the topics of training to meet the respective Board member's needs.

Recommendation 2.2 of the Code states that the Board should establish a policy formalizing its approach to boardroom diversity. The Board has no immediate plans to implement a gender diversity policy or targets as it is of the view that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities regardless of gender. The Board is evaluated on merit based.

Re-election

All Directors (including the Managing Director) will retire at regular intervals by rotation once at least every three (3) years and they are eligible to offer themselves for re-election.

Directors' Training

All the Directors of the Company have completed the Mandatory Accreditation Programmes and are supportive of the Continuous Education Programmes and seminars so as to keep abreast with the current developments in the industry as well as the current changes in laws and regulations.

During the financial year under review, except for Thomas Tuan Kit Kwong and Mak Hon Weng, the other directors have not attended any training programme due to their tight schedules and other commitments.

During the year, Directors attended the following training:

Directors	Date	Training Attended
Thomas Tuan Kit Kwong	29 September 2016	Independent Directors Programme: The Essence of Independence
Mak Hon Weng	8 August 2016	Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers
	4 August 2016	Amendments to the Listing Requirements dated 8 October 2015 and 24 March 2016: Understanding the rationale of regulatory changes & how they may be complied with

All Directors have been with the Company for several years and are familiar with their duties and responsibilities as directors. Wherever there is a new Board member being appointed, he/she 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. There has been no new appointment of Board member during the financial year.

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:

The Company Secretaries also update the Board Members on the revised relevant guidelines on listing requirements and implementation and its impact on the Companies Act, 2016.

Board Committees

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees, each entrusted with specific tasks:

(i) Audit Committee

The Audit Committee Report is detailed on pages 18 and 19 of the Annual Report.

(ii) Remuneration and Nomination Committee

These committees have the authority to examine particular issues and report to the Board their recommendations. The ultimate responsibility for the final decision on most matters lies with the entire Board.

Nomination Committee

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

- Mr. Thomas Tuan Kit Kwong (Chairman, Independent Non-Executive Director)
- YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI (Member, Independent Non-Executive Director)

Assessment of Performance

The process of assessing Directors is an ongoing responsibility of the entire Board. During the financial year, the Nomination Committee had assessed the performance of all the Board members based on the established criteria, which include:

(a) the compliance with attendance and qualification requirements of the position;
(b) the ability to provide input relating to business, market outlook and management strategies;
(c) the ability to keep the Board abreast with operational, business, regulatory, economic and environmental issues confronting the Company; and
(d) whether sufficient level of importance has been accorded to governance issues to safeguard the integrity of the Company's activities, operations and improvement in the financial position of the Group.

The Nomination Committee will recommend to the Board on the balance mix skills and composition of Board members and the need for any relevant training to the respective Director.

The Company has also developed assessment criteria for the following:

i. Board

(a) appropriateness of Board composition
(b) mix of skills and experience
(c) effectiveness of Board as a team
(d) balance mix between Independent and Non-Independent Directors
(e) adequacy of information supplied to the Board
(f) effectiveness of Board in setting strategic plan
(g) adequacy of Board in identifying and managing significant risks to the Group
(h) effectiveness of Board in monitoring operational and financial performance

ii. Board Committees

(a) terms of reference
(b) skills and competencies
(c) meeting administration
(d) conduct of meeting
(e) communication to the Board
(f) areas of focus specific to each Board Committee

iii. Individual Directors

(a) contribution of the Director in meetings
(b) quality of input provided by the Director
(c) the Director's understanding of his or her roles and responsibilities

Assessment forms have been developed to facilitate the assessment process. Assessment of the Board and Board Committees are performed on a Board review basis whilst assessment of individual Directors is performed on a peer review basis. Each director is provided with the same set of assessment forms for their completion. Upon completion of assessment, the Company Secretary would compile the results for the Nomination Committee's evaluation prior to reporting to the Board for deliberation and approval. The final decision on the appointment of a candidate recommended by Nomination Committee rests with the whole Board. The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors. During the financial year, the Nomination Committee met once, attended by all members, to assess the balance composition of Board members based on merits, Directors' contribution and Board effectiveness. The Company has no policy on gender diversity or target set but believes in merits and commitment of its Board members. The Nomination Committee assesses the Board members on objective basis.

Remuneration Committee

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

- YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI (Chairman, Independent Non-Executive Director)
- Dato' Choo Keng Weng (Member, Non-Independent Director)
- Mr. Thomas Tuan Kit Kwong (Member, Independent Non-Executive Director)

The Remuneration Committee has been entrusted by the Board to determine that the levels of remuneration are sufficient to attract and retain Directors of quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration. During the financial year under review, the Committee met once attended by all members.

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 Director does not participate in determining his 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.

Aggregate of remuneration of Directors of the Company and Group for the financial year ended 31 December 2016 can be categorised into the following components:

Category	Directors' Fee (RM'000)		Salaries and other emoluments (RM'000)		Total (RM'000)	
	Company	Group	Company	Group	Company	Group
Executive Directors	12,000	12,000	668,530	668,530	680,530	680,530
Non-Executive Directors	18,000	38,000	15,500	15,500	33,500	53,500

Directors' remuneration for the financial year ended 31 December 2016 are broadly categorised into the following bands:

Range of remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000		3
RM50,001 to RM100,000	1	
RM100,001 to RM150,000		
RM150,001 to RM200,000		
RM200,001 to RM250,000		
RM250,001 to RM300,000		

Range of remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
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	1	
RM600,001 to RM650,000		
RM650,001 to RM700,000		
RM700,001 to RM750,000		

The remuneration of the individual director is not disclosed due to security and sensitivity reasons. The directors' fees are subject to the approval by shareholders at the forthcoming Annual General Meeting of the Company.

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 judgments and estimates.

The statements of Directors' responsibilities for the preparation of the Financial Statements are set out in page 94 of the 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 20 and 21 of the Annual Report.

Relationship with External Auditors

The Company maintains an appropriate and transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards. The Company's External Auditors play an essential role by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements.

The Audit Committee has explicit authority to communicate directly with the External Auditors. The Group's External Auditors are invited to attend the Audit Committee meeting as and when necessary. The Audit Committee meets the External Auditors without the presence of the Executive Director and Management to discuss any concerns including management's cooperation in the audit process, quality and competency in the financial reporting function, sharing of information and audit issues in relation to appropriate accounting treatment.

The effectiveness, independence and performance of the External Auditors are reviewed annually by the Audit Committee.

The external Auditors are required to declare their independence annually to the Audit Committee in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (On Professional Ethics, Conduct and Practice). The external Auditors had made the declaration in their annual audit plan presented to the Audit Committee that they were independent throughout the conduct of the audit engagement in accordance with the terms of the relevant professional and regulatory requirements.

The Audit Committee has assessed and is satisfied with the competence and independence of the external Auditors and had recommended the re-appointment of the external Auditors to the Board which the Board had accepted the Audit Committee's recommendation and thereafter to be tabled for the shareholders' approval at the upcoming Annual General Meeting.

The amount of audit fees and non-audit fees paid or payable to the external Auditors for the financial year ended 31 December 2016 were as follows:

Fee incurred	Audit Fee	Non-Audit Fee
The Company	32,000	4,250
The Group	57,900	9,500

The non-audit services rendered include review of quarterly financial statements of the Company and review the annual report disclosure and statement on risk management and internal control.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

The Group practices an informal policy on Corporate Social Responsibility. The Group is oil palm industry. It emphasises on go green by recycle wastage. The Group monitors the use of pesticide and manual within the permissible level to ensure healthy environment and brings no harm to the nature. Together with the Board of Directors, the Group has continuously carried out its responsibility as a caring employer, preserving the environment and the betterment of the community.

Recently, the Group has acquired and diversify its business to chilled water energy, which emphasised on environmental friendly.

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. PSI as the Senior Independent Director to whom questions or concerns regarding the Group may be conveyed. YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI can be contacted via the following channels:

Post : YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI
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.

CORPORATE DISCLOSURE POLICY

The Board places importance in ensuring disclosure made to shareholders and investors is comprehensive, accurate and on a timely and even basis as it is critical towards building and maintaining corporate creditability and investors confidence. A Corporate Disclosure Policy for the Group to set out the policies and procedures for disclosure of material information will be addressed in due course, following the emphasis by Bursa Malaysia Securities Berhad as outlined in its Corporate Disclosure Guide. The policy can be assessed at the Company website at www.shcm.com.my.

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 2016.

This Statement is issued in accordance with a resolution of the Board dated 23 February 2017.

AUDIT COMMITTEE **REPORT**

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting process and internal control system.

The Audit Committee have adopted practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all the Company's shareholders.

MEMBERSHIP

The Audit Committee is appointed by the Board and comprises exclusively of Independent Non-Executive Directors:

Chairman

MR. THOMAS TUAN KIT KWONG : Independent Non-Executive Director

Members

YBM TUNKU MAHMOOD BIN TUNKU MOHAMMED D.K. PSI : Independent Non-Executive Director

MR. MAK HON WENG : Independent Non-Executive Director

MEETINGS

There were four (4) Audit Committee meetings held during the financial year 2016. The details of attendance of Committee members are as follows:

Name of Committee Members	Designation	Attendance
MR. THOMAS TUAN KIT KWONG	Chairman	4/4
YBM TUNKU MAHMOOD BIN TUNKU MOHAMMED D.K. PSI	Member	3/4
MR. MAK HON WENG	Member	4/4

AUTHORITY

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:

a) to investigate any matter within its terms of reference;
b) unrestricted access to any information from both internal and external auditors and all employees of the Group in performing its duties;
c) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
d) to obtain external legal or other independent professional advice and to invite outsiders with relevant experience to attend, if necessary; and
e) 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.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the Terms of Reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2016 in discharging its functions and duties:

Financial Performance & Reporting

- Reviewed the unaudited quarterly financial results and annual financial statements of the Group prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 1965, Financial Reporting Standards, International Financial Reporting Standards and applicable Listing Requirements of Bursa Malaysia Securities Berhad.
- Reported to the Board on significant audit issues and concerns discussed during the AC meetings which have significant impact of the Group from time to time, for consideration and deliberation by the Board.
- Reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report of the Company.

Oversight of External Auditors

- Discussed and reviewed the external auditors' audit planning memorandum for the financial year ended 31 December 2016 outlining their auditors' responsibilities, engagement team, background of the group, business highlights, materiality, audit risk assessment, significant risks and areas of audit focus, consideration of fraud, internal control plan and involvement of internal auditors,

involvement of component auditors, timetable, engagement quality control, independence policies and procedures and audit fees.
- Deliberated on the external auditors' report at its meeting with regard to the relevant disclosures in the annual audited financial statement for financial year ended 31 December 2016.
- Reviewed the external auditors' findings arising from audits, particularly comments and response in management letters in order to be satisfied that appropriate action is being taken.
- Discussed and reviewed with the external auditors the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.
- Dialogue session with the external auditors, without the presence of the Executive Director and management.
- Reviewed and evaluated the performance and effectiveness of the external auditors. The Audit Committee assessed the integrity, capability, professionalism and work ethics of the external auditors. The Audit Committee was satisfied with the external auditor's performance and therefore, the Audit Committee had recommended to the Board, the re-appointment of the external auditors at the Annual General Meeting.
- Reviewed the audit fees, the number and experience of audit staff assigned to the audit engagement, resources and effectiveness of the external auditors.
- Received reports from the external auditors on their own policies regarding independence and the measures taken to control the quality of their work.
- The Audit Committee had numerous meetings with the external auditors during the financial year ended 31 December 2016 to discuss on audit matters.

Internal Audit

- Reviewed the Internal Audit Report for the financial year ended 31 December 2016 from Internal Auditors and assessed the internal audits' findings, recommendations together with the Management's comments.
- Reviewed and assessed Internal Auditors based on staff strength, resources, professional integrity, independence, familiarity with Group's operation as well as reputation and recommended to the Board the re-appointment of Internal Auditors.
- Reviewed the adequacy and performance of Internal Audit function and its comprehensiveness of the coverage of activities within the Group.
- The Audit Committee had numerous meetings with the Internal Auditors during the financial year ended 31 December 2016 to discuss on internal audit matters.

Related Party Transaction

- Reviewed any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises the questions on management integrity.
- Reviewed the proposed acquisition of Tunas Cool Energy Sdn Bhd which is a related party transaction and engaged with independent advisor on the proposed RPT to ensure the acquisition price is fair and reasonable that it did not detriment the interest of minority.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Messrs Baker Tilly Monteiro Heng Governance Sdn. Bhd., a professional company specializing in providing accountancy, business and financial advisory services to multinational organisations. The professional fee and other cost incurred in respect of the internal audit function for the financial year ended 31 December 2016 was RM19,473.

During the financial year ended 31 December 2016 the internal auditors have carried out audits to assess the adequacy of the internal controls of the main operating subsidiaries, based on the audit plan approved by the Audit Committee. The internal auditors reported their findings and recommendations to the Audit Committee for deliberations together with the Management. Where areas of improvements were required, it was highlighted to the Management for implementation. The Audit Committee monitored the progress of the implementation.

The detailed of internal audit functions during the period under review is stated in the Statement on Risk Management and Internal Control of this Annual Report.

During the period under review, the Internal Auditors carried out the following activities:

a) Presented and obtained approval from the Audit Committee the annual internal audit plan, its audit strategy and scope of audit work;
b) Performed audits according to the annual internal audit plan, to review the adequacy and effectiveness of the internal control system, compliance with policies and procedures and reported ineffective and inadequate controls and made recommendations to improve their effectiveness; and
c) Performed follow-up reviews in assessing the progress of the agreed management's action plans and report to the management and Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is pleased to present the Group's Statement on Risk Management and Internal Control for the financial year ended 31 December 2016 which is made in compliance with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's (Bursa Malaysia) main market listing requirements and is guided by "Statement on Risk Management and Internal Control: Guidelines for Directors and Listed Issuers" endorsed by Bursa Malaysia.

BOARD RESPONSIBILITY

The 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 risk 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 recognise the importance of ensuring that a sound system of internal controls and effective risk management practices are in place in the organisation. It had therefore given due attention towards improving the effectiveness of internal control, risk management and governance process of the organisation.

The management assist 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 FRAMEWORK

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 risk of the Group has been identified and quantified. Priority will be given for areas of high risks to assist the Board and Senior Management.

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 Executive Director, and if necessary, are also raised for discussion at Board meetings.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function and has engaged an independent professional firm, Baker Tilly Monteiro Heng Governance Sdn Bhd ("BTMH") to provide internal audit services to assist the Board in providing the assurance it requires on the effectiveness as well as the adequacy and the integrity of the Group's systems of internal control.

During the year under review, BTMH carried out review on the effectiveness of the internal control systems and highlights to the Audit Committee any significant findings in respect of non-compliance and major control weaknesses of which the management is responsible for ensuring the corrective actions are taken on the reported weaknesses.

The internal audit reviews are carried out using risk-based approached and based on major operating cycles as recommended and agreed with 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:

- Workshop management and vehicle utilisation
- Inventory management

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.

THE INTERNAL CONTROL PROCESS

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

a) Internal control efforts were done through standard operating procedures 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 business and performances.
b) The Executive Directors through their daily involvement in the business operations and attendance at operational and management level of meetings, monitor the Group's policies and procedures.
c) The Audit Committee review internal control issues identified by the internal and external auditors and evaluate the adequacy and the 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 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 Financial Controller, 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.

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 as well as our facilities such as canteen and surau.

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. We also provide them work opportunities at the estate to help financially and to improve their livelihood.

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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

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:

	The Group RM	The Company RM
Net profit for the financial year	2,610,350	3,477,336
Attributable to:		
Owners of the Company	2,610,350	3,477,336
Non-controlling interests	-	-
	2,610,350	3,477,336

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 2016.

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.

Directors

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

Dato' Choo Keng Weng
YBM Tunku Mahmood bin Tunku Mohammed D.K. PSI
Thomas Tuan Kit Kwong
Mak Hon Weng
Tuan Syed Omar bin Syed Abdullah (Resigned on 30 November 2016)

In accordance with Article 94 of the Company's Articles of Association, Mak Hon Weng retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

Directors' interests

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

	No. of ordinary shares of RM1 each			
	Balance at 1.1.2016	**Bought**	**Sold**	**Balance at 31.12.2016**
Shares in the Company				
Direct interest				
Dato' Choo Keng Weng	17,185,793*	178,500	-	17,364,293
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

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.

Directors' benefits

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 30 to the financial statements.

Directors' benefits (Cont'd)

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.

Significant events subsequent to the financial year

The significant events occurring subsequent to the financial year are disclosed in the note 32 to the financial statements.

Other statutory information

Before the statements of profit or loss and other 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

(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.

Auditors

The auditors, Messrs. ECOVIS AHL PLT, have expressed 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
5 April 2017

INDEPENDENT
AUDITORS' REPORT

TO THE MEMBERS OF SIN HENG CHAN (MALAYA) BERHAD
(INCORPORATED IN MALAYSIA) (COMPANY NO. 4690-V)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sin Heng Chan (Malaya) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment on goodwill and investment in a subsidiary

As refer to note 18, the Group is required to annually assess goodwill for impairment. The assessment requires the use of significant estimates and assumptions about future market conditions that affect the business of Urun Plantations Sdn Bhd ("the cash generating unit"), that include palm oil price, average price of fresh fruits bunches ("FFB"), production growth rates and profit margin as well as the use of an appropriate discount rate. The key assumptions to the impairment assessment and the sensitivity of the recoverable amount of the cash-generating unit to changes in assumptions are disclosed in Note 18 to the financial statements.

Our audit procedures focused on the followings:

- we assess the key assumptions used by management in conducting the impairment assessment and determining the recoverable amount of the CGU;
- compared the cash flow projections prepared by management in the prior year to the actual outcome in the current financial year, and discussed with management on the reason for the variances, and performed sensitivity analysis by incorporating these changes to the discounted cash flow projections; and
- assess the appropriateness of the Group's disclosure relating sensitivity of key assumptions.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Impairment assessment on goodwill and investment in a subsidiary (Cont'd)

Based on our procedures, we believe that the recognition and measurement of goodwill is appropriate. Disclosures pertaining to goodwill in the financial statements were found to be adequate.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of our auditors' report, and the other sections of the annual report not including the financial statements of the Group and of the Company and our auditors' report thereon ("the other sections"), which are expected to be made available after that date.

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Group and of the Company are responsible for the preparation of the financial statements of the Group and of the Company that 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 is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on the Audit of the Financial Statements (Cont'd)

Report on Other Legal and Regulatory Requirements

The supplementary information set out in Note 33 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 Matters

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

ECOVIS AHL PLT
AF 001825
Chartered Accountants

CHUA KAH CHUN
Approval Number: 2696/09/17 (J)
Chartered Accountant

Kuala Lumpur
5 April 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Revenue	5	14,897,582	14,784,137	-	-
Cost of sales		(10,899,420)	(13,794,479)	-	-
Gross profit		3,998,162	989,658	-	-
Other operating income		5,944,659	813,680	9,475,167	1,634,424
Administrative expenses		(3,393,494)	(3,525,105)	(1,746,349)	(1,699,372)
Other operating expenses		(1,507,169)	(1,455,642)	(4,145,659)	(624,811)
Finance costs	7	(2,463,878)	(3,012,192)	430,635	(469,908)
Profit/(Loss) before tax	8	2,578,280	(6,189,601)	4,013,794	(1,159,667)
Tax credit/(expenses)	9	32,070	660,901	(536,472)	-
Total comprehensive profit/(loss) for the financial year		2,610,350	(5,528,700)	3,477,322	(1,159,667)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group	
		2016	**2015**
	Note	**RM**	**RM**
Profit/(Loss) attributable to:			
Owners of the Company		2,610,350	(5,528,700)
Non-controlling interests		-	-
		2,610,350	(5,528,700)
Total comprehensive loss attributable to:			
Owners of the Company		2,610,350	(5,528,700)
Non-controlling interests		-	-
		2,610,350	(5,528,700)
Earnings per share (sen)			
Basic	10	2.27	(4.80)
Diluted	10	2.27	(4.80)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	8,891,515	11,411,943	268,126	443,548
Plantation development expenditure	12	78,643,913	82,236,433	-	-
Prepaid lease payments	13	17,664,917	29,733,222	-	9,147,600
Investment properties	14	10,089,758	942,158	10,089,758	942,158
Investment in subsidiaries	15	-	-	58,489,015	61,265,637
Available-for-sale investment	16	2,800,000	2,800,000	2,800,000	2,800,000
Goodwill on consolidation	18	16,329,389	16,329,389	-	-
		134,419,492	143,453,145	71,646,899	74,598,943
Current assets					
Inventories	19	794,044	592,602	-	-
Trade receivables	20	1,810,743	1,368,618	-	-
Other receivables, deposits and prepayment	20	453,123	710,976	113,598	326,105
Tax recoverable		36,372	3,372	-	-
Amounts owing by other related companies	21	917,973	1,083,682	-	-
Amounts owing by subsidiaries	21	-	-	14,922,855	15,916,042
Fixed deposits, cash and bank balances	22	12,706,958	4,400,550	12,694,689	4,385,540
		16,719,213	8,159,800	27,731,142	20,627,687
Asset classified as held for sales	23	936,468	-	-	-
		17,655,681	8,159,800	27,731,142	20,627,687
Total assets		152,075,173	151,612,945	99,378,041	95,226,630

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	24	115,066,787	115,066,787	115,066,787	115,066,787
Accumulated losses		(35,617,635)	(38,227,985)	(23,633,152)	(27,110,474)
Total equity		79,449,152	76,838,802	91,433,635	87,956,313
Non-current liabilities					
Hire purchase payables	26	376,273	399,811	247,721	343,139
Borrowings	27	29,676,402	31,615,084	-	-
Deferred tax liabilities	28	8,416,491	8,985,031	-	-
		38,469,166	40,999,926	247,721	343,139
Current liabilities					
Trade payables	29	799,323	538,731	-	-
Other payables and accruals	29	8,005,998	7,539,141	7,601,267	6,834,173
Bank overdrafts	26	23,090,805	23,824,443	-	-
Hire purchase payables	27	183,818	394,343	95,418	93,005
Borrowings	27	2,043,311	1,443,959	-	-
Tax liabilities		33,600	33,600	-	-
		34,156,855	33,774,217	7,696,685	6,927,178
Total liabilities		72,626,021	74,774,143	7,944,406	7,270,317
Total equity and liabilities		152,075,173	151,612,945	99,378,041	95,226,630

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	**Attributable to Owners of the Company**		
	Issued capital	**Accumulated losses**	**Total equity**
	RM	**RM**	**RM**
Balance as at 1 January 2016	115,066,787	(38,227,985)	76,838,802
Total comprehensive profit for the year	-	2,610,350	2,610,350
Balance as at 31 December 2016	115,066,787	(35,617,635)	79,449,152

Group	**Attributable to Owners of the Company**		
	Issued capital	**Accumulated losses**	**Total equity**
	RM	**RM**	**RM**
Balance as at 1 January 2015	115,066,787	(32,699,285)	82,367502
Total comprehensive loss for the year	-	(5,528,700)	(5,528,700)
Balance as at 31 December 2015	115,066,787	(38,227,985)	76,838,802

Company	**Issued capital**	**Accumulated losses**	**Total Equity**
	RM	**RM**	**RM**
At 1 January 2015	115,066,787	(25,950,807)	89,115,980
Total comprehensive loss for the year	-	(1,159,667)	(1,159,667)
At 31 December 2015/1 January 2016	115,066,787	(27,110,474)	87,956,313
Total comprehensive profit for the year	-	3,477,322	3,477,322
Balance as at 31 December 2016	115,066,787	(23,633,152)	91,433,635

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	2,578,280	(6,189,601)	4,013,794	(1,159,667)
Adjustments for:				
Amortisation of plantation development expenditure	2,397,632	2,417,900	-	-
Amortisation of prepaid lease payments	465,346	489,070	-	-
Depreciation of property, plant and equipment	1,342,265	1,568,119	182,393	216,602
Finance costs	2,908,482	2,559,669	17,364	21,908
Provision for interest payable to a former non-controlling interest				
- Current Year	3,395	452,523	-	448,000
- Prior Year	(448,000)	-	(448,000)	-
Equity compensation benefits	-	-	-	-
Allowance for doubtful debts	-	17,676	17,086	17,676
Bad debt written off	-	150,380	3,004,864	1,959
Bad debt recovered	-	(90,150)	-	(90,150)
Deposits and prepayments written off	-	10,112	-	10,112
Property, plant and equipment written off	284,736	46,308	-	4,225
Impairment loss on investment	-	445,969	-	-
Interest income	(315,375)	(148,378)	(580,914)	(427,669)
Gain on disposal of property, plant and equipment	(145,337)	(91,744)	(6,171)	-
Gain on disposal of subsidiary companies	(5,318,255)	-	(7,723,378)	-
(Gain)/Loss on strike off of subsidiary companies	-	(39,694)	-	3
Operating profit/(loss) before working capital changes	3,753,169	1,598,159	(1,522,962)	(957,001)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
(Increase)/decrease in:				
Inventories	(201,442)	296,202	-	-
Trade receivables	(447,617)	(384,095)	-	-
Other receivables and prepaid expenses	259,024	484,775	212,507	100,725
Amount owing by subsidiaries	-	-	(2,028,763)	96,525
Amount due from related parties	165,710	1,204,130	-	27,551
Increase/(decrease) in:				
Trade payables	260,591	(941,830)	-	-
Other payables and accrued expenses	471,682	1,192,163	767,094	957,397
Amount owing to other related companies	-	(56,145)	-	(56,145)
Cash generated from/(used in) operations	4,261,117	3,393,359	(2,572,124)	169,052
Interest paid	(67,471)	(544,666)	(17,364)	(469,908)
Tax paid	(569,471)	-	(536,471)	-
Net cash generated from/(used in) operating activities	3,624,175	2,848,693	(3,125,959)	(300,856)

The accompanying notes form an integral part of the financial statements.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition of plantation development expenditure (Note (a))	(370,978)	(279,309)	(7,800)	-
Proceeds from disposal of subsidiary companies	10,500,000	-	10,500,000	-
Purchase of property, plant and equipment (Note (b))	(350,556)	(1,190,232)	-	(2,760)
Proceeds from disposal of property, plant and equipment	285,500	117,220	7,000	-
Interest received	315,375	148,378	580,914	427,669
Net cash generated from/(used in) investing activities	10,379,341	(1,203,943)	11,080,114	424,909
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from drawdown of borrowings	-	785,400	-	-
Repayment of borrowings	(1,339,316)	-	-	-
Repayment of hire-purchase - net	(407,018)	(825,522)	(93,005)	(98,003)
Interest paid/received	(3,217,136)	(3,177,368)	448,000	-
Net cash (used in)/generated from financing activities	(4,963,470)	(3,217,490)	354,995	(98,003)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9,040,046	(1,572,740)	8,309,149	26,050
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(19,423,893)	(17,851,153)	4,385,540	4,359,490
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	21	(10,383,847)	(19,423,893)	12,694,689	4,385,540

Note (a): During the financial year, the Group's additions to plantation development expenditure amounted to RM1,191,709 (2015: RM989,151) of which RM820,731 (2015: RM709,842) represents borrowing costs capitalised. The remaining additions of RM370,978 (2015: RM279,309) was paid in cash.

Note (b): During the financial year, the Group's additions to property, plant and equipment amounted to RM350,556 (2015: RM1,190,232) of which RM172,940 (2015: Nil) was financed through hire-purchase arrangements. The remaining additions of RM169,816 (2015: RM1,190,232) and RM7,800 (2015: RM2,760) were paid in cash by the Group and the Company respectively.

The accompanying notes form an integral part of the financial statements.

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 5 April 2017.

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 under the historical cost convention, unless otherwise stated in Note 3 to the financial statements.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Group's and of the Company's functional currency.

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.

2.1 Adoption of FRSs and Amendments to FRSs during the Current Financial Year

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year, except for the adoption of the following FRSs and Amendments to FRSs:

Effective for financial periods beginning on or after 1 January 2016

• FRS 14	*Regulatory Deferral Accounts*
• Amendments to FRS 5	*Annual Improvements to FRSs 2012 - 2014 Cycle*
• Amendments to FRS 7	*Annual Improvements to FRSs 2012 - 2014 Cycle*
• Amendments to FRS 10, FRS 12 and FRS 128,	*Investment Entities: Applying the Consolidation Exception*
• Amendments to FRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
• Amendments to FRS 101	*Disclosure Initiative*
• Amendments to FRS 116 and FRS 138	*Clarification of Acceptable Methods of Depreciation and Amortisation*
• Amendments to FRS 119	*Annual Improvements to FRSs 2012 - 2014 Cycle*
• Amendments to FRS 127	Equity Method in Separate Financial Statements
• Amendments to FRS 134	Annual Improvements to FRSs 2012 - 2014 Cycle

2. Basis of preparation (Cont'd)

2.1 Adoption of FRSs and Amendments to FRSs during the Current Financial Year (Cont'd)

The adoption of FRSs and Amendments to FRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company for the current financial year.

2.2 FRSs, Amendments to FRSs and IC Interpretations that Have Been Issued, But Not Yet Effective and Not Yet Adopted

The following are FRSs, Amendments to FRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

Effective for financial periods beginning on or after 1 January 2017

• Amendments to FRS 12	*Annual Improvements to FRSs 2014 - 2016 Cycle*
• Amendments to FRS 107	*Disclosure Initiative*
• Amendments to FRS 112	*Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for financial periods beginning on or after 1 January 2018

• FRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("LASB") in July 2014)
• Amendments to FRS 1	*Annual Improvements to FRSs 2014 - 2016 Cycle*
• Amendments to FRS 2	*Classification and Measurement of Share-based Payment Transactions*
• Amendments to FRS 4	*Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
• Amendments to FRS 128	*Annual Improvements to FRSs 2014 - 2016 Cycle*
• Amendments to FRS 140	*Transfers of Investment Property*
• IC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*

To be announced

• Amendments to FRS 10 and FRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application, except as described below:

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:
- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

Amendments to FRS 107: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group and Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

2. Basis of preparation (Cont'd)

2.2 FRSs, Amendments to FRSs and IC Interpretations that Have Been Issued, But Not Yet Effective and Not Yet Adopted (Cont'd)

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

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

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

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

FRS 9: Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

2.3 Malaysian Financial Reporting Standards ("MFRSs Framework") that have been issued, but have yet to be adopted

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is effective for annual periods beginning on or after 1 January 2012 for all entities except for entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called Transitioning Entities). Adoption of the MFRS framework by Transitioning Entities will only be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls under the scope definition of Transitioning Entities and has opted to adopt MFRS for annual periods beginning on 1 January 2018. When the Group presents its first MFRS financial statements on 1 January 2018, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively against opening retained profits.

2. Basis of preparation (Cont'd)

2.3 Malaysian Financial Reporting Standards ("MFRSs Framework") that have been issued, but have yet to be adopted (Cont'd)

Under the FRS framework, the Group's accounting policy for biological assets are as disclosed in Note 3(i). However, under the amended MFRS 141, biological assets that are defined as bearer plants are no longer within the scope of the MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants are measured at accumulated cost (before maturity) under MFRS 116 using either the cost model or revaluation model (after maturity). The amendments also state that growing produce on bearer plants shall remain within the scope of MFRS 141 and be measured at fair value less costs of disposal.

At the date of these financial statements, the Group has not completed the quantification of the financial effects on the financial statements of the differences arising from the change from FRS to MFRS. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the financial years ended 31 December 2015 and 31 December 2016 could be different if prepared under the MFRS Framework.

2.4 Companies Act 2016 effective beginning 31 January 2017

The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which Companies Act 2016 ("the Act") comes into operation, except section 241 and Division 8 of Part III of the Act. The Act will be implemented on a staggered basis. With the enforcement of the first phase of the Act on 31 January 2017, the Companies Act 1965 is repealed. The Group and the Company shall prepare its financial statements for the year ending 31 December 2017 in accordance with the requirements of the Act.

All shares issued before or upon the commencement of the Act shall have no par or nominal value. Where a share is issued before the commencement of the Act, the amount paid on the share shall be the sum of all amounts paid to the group and the company at any time for the share, but not including any premium.

The financial statements disclosure requirements under the Act (other than the disclosure requirements of MPERS) are different from those requirements set out in Companies Act 1965. Consequently, the items to be disclosed in the financial statements of the Group and of the Company for the year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

The Group and the Company is currently assessing the impact of the Act on financial statements for the year ending 31 December 2017.

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.

3. Significant accounting policies (Cont'd)

(a) Basis of Consolidation (Cont'd)

(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.

(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.

3. Significant accounting policies (Cont'd)

(c) Goodwill (Cont'd)

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.

(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.

3. Significant accounting policies (Cont'd)

(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.

(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.

3. Significant accounting policies (Cont'd)

(g) Property, plant and equipment (Cont'd)

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 Assets

(i) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at the end of each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

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

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.

3. Significant accounting policies (Cont'd)

(h) Impairment of Assets (Cont'd)

(ii) Impairment of Non-financial Assets

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocate to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised on profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(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. 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.

(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.

3. Significant accounting policies (Cont'd)

(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.

(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.

3. Significant accounting policies (Cont'd)

(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) Asset classified as held for sales

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Upon classification as held for sale, non-current assets or components of a disposal group are not depreciated and are measured at the lower of their carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

(q) 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.

(r) 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' 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.

3. Significant accounting policies (Cont'd)

(r) Employee benefits (Cont'd)

(iii) Share-based Compensation (Cont'd)

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.

(s) Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instruments.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Loans and receivables

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

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

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

3. Significant accounting policies (Cont'd)

(s) Financial instruments (Cont'd)

(ii) Financial liabilities

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

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

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

Other financial liabilities

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

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. 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 reporting date.

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

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instruments.

The Group and the Company designates corporate guarantees given to financial institutions for credit facilities granted to a contract customer as insurance contracts as defined in FRS 4 Insurance Contracts. The Group and the Company recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting policies (Cont'd)

(s) Financial instruments (Cont'd)

(iv) Derecognition

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(t) 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.

(u) 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.

(v) 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.

(w) 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.

(x) 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.

3. Significant accounting policies (Cont'd)

(y) Goods and services tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

4. Significant accounting judgements and estimates

Estimates and judgments 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:

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.

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

5. Revenue

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Sales of fresh fruit bunches ("FFB")	14,897,582	14,784,137	-	-

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.

6. Segment reporting (Cont'd)

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

Group 2016	Plantation RM	Plantation Management Fees RM	Investment Holding RM	Others RM	Inter-company Eliminations RM	Consolidated RM
Revenue						
External sales	14,897,582	-	-	-	-	14,897,582
Total revenue	14,897,582	-	-	-	-	14,897,582
Results						
Segment results	5,022,741	(30,711)	3,583,159	(8,041)	(3,524,990)	5,042,158
Profit from operations						5,042,158
Finance costs						(2,463,878)
Profit before tax						2,578,280
Tax credit						32,070
Net profit for the financial year						2,610,350

Group 2016	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	515,695	-	7,800	-	523,495
Depreciation and amortisation	3,928,438	22,125	182,393	1,859	4,134,815
Statement of Financial Position					
Assets					
Segment assets	125,060,911	991,255	25,966,171	20,464	152,038,801
Unallocated corporate assets	33,000	-	-	3,372	36,372
Consolidated total assets					152,075,173
Liabilities					
Segment liabilities	56,218,424	4,700	7,944,406	8,400	64,175,930
Unallocated corporate liabilities	8,416,491	-	-	33,600	8,450,091
Consolidated total liabilities					72,626,021

6. Segment reporting (Cont'd)

Group 2015	Plantation RM	Plantation Management Fees RM	Investment Holding RM	Others RM	Inter-company Eliminations RM	Consolidated RM
Revenue						
External sales	14,784,137	-	-	-	-	14,784,137
Total revenue	14,784,137	-	-	-	-	14,784,137
Results						
Segment results	(776,777)	(25,2580)	(698,759)	(67,555)	(1,752,848)	(3,177,409)
Profit from operations						(3,177,409)
Finance costs						(3,012,192)
Profit before tax						(6,189,601)
Tax credit						660,901
Net profit for the financial year						(5,528,700)

Group 2015	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	2,176,623	-	2,760	-	2,179,383
Depreciation and amortisation	4,232,946	23,541	216,601	2,000	4,475,088
Statement of Financial Position					
Assets					
Segment assets	132,327,027	1,215,271	18,044,951	22,324	151,609,573
Unallocated corporate assets	-	-	-	3,372	3,372
Consolidated total assets					151,612,945
Liabilities					
Segment liabilities	58,464,609	6,886	7,270,317	13,700	65,755,512
Unallocated corporate liabilities	8,985,031	-	-	33,600	9,018,631
Consolidated total liabilities					74,774,143

Revenue of approximately RM14,890,100 (2015: RM14,662,652) is derived from 2 major customers. The revenue is attributable to plantation segment.

7. Finance costs

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest expense on:				
Term loans	2,116,610	1,830,637	-	-
Less: Interest expense recognised in plantation development expenditure (Note 12)	(820,731)	(709,842)	-	-
	1,295,879	1,120,795	-	-
Bank overdrafts	1,545,131	1,342,208	-	-
Hire-purchase	31,759	64,159	17,131	21,908
Late-payment interest	234	-	234	-
Borrowing interest	35,480	32,507	-	-
Provision for interest payable to				
Provision for interest payable to former minority shareholder				
Current Year	3,395	452,523	-	448,000
Overprovision in prior year	(448,000)	-	(448,000)	-
	2,463,878	3,012,192	(430,635)	469,908

8. Profit/(Loss) before tax

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest income:				
- Fixed deposits with licensed banks	315,375	148,378	315,375	148,378
- Subsidiaries	-	-	265,539	279,291

8. Profit/(Loss) before tax (Cont'd)

Profit/(Loss) before tax has been arrived at after (charging)/crediting the following: (Cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Gain on disposal of property, plant and equipment	145,337	91,744	6,171	-
Property, plant and equipment written off	(284,736)	(46,308)	-	(4,225)
Impairment loss on investment	-	(445,969)	-	-
Gain on disposal of subsidiary companies	5,318,255	-	7,723,378	-
Gain/(Loss) on strike off of subsidiary companies	-	39,694	-	(3)
Management fees receivable from subsidiaries (Note 30)	-	-	1,164,475	1,100,895
Allowance for doubtful debts	-	(17,676)	(17,086)	(17,676)
Amortisation of plantation development expenditure	(2,397,632)	(2,417,900)	-	-
Amortisation of prepaid lease payments	(465,346)	(489,070)	-	-
Depreciation of property, plant and equipment (Note 11)	(1,342,625)	(1,568,119)	(182,393)	(216,602)
Auditors' remuneration:				
- Current year	(57,900)	(47,000)	(32,000)	(20,500)
- Under provision in prior year	(1,600)	(2,500)	-	(2,500)
Bad debts written off	-	(150,380)	(3,004,864)	(1,959)
Deposit and prepayment written off	(100,000)	(10,112)	(100,000)	(10,112)
Rental of premises payable to other related companies (Note 30)	(203,088)	(197,165)	(79,728)	(77,403)
Bad debts recovered	-	90,150	-	90,150

8. Profit/(Loss) before tax (Cont'd)

b) Operating costs applicable to revenue:

	Group	
	2016	**2015**
	RM	**RM**
Inventories recognised in expense	1,761,390	2,869,368

c) Directors' remuneration:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Executive directors:				
Fees	12,000	12,000	12,000	12,000
Other emoluments	668,530	709,380	668,530	709,380
Non-executive directors:				
Fees	38,000	38,000	18,000	18,000
Other emoluments	15,500	6,000	15,500	6,000
	734,030	765,380	714,030	745,380

Included in directors' remuneration are contributions to EPF made by the Group and the Company for the current year amounting to RM84,780 (2015: RM90,180).

d) Staff costs

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Salaries, allowances and others	4,073,073	4,568,009	934,706	737,391

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 RM264,539 and RM77,372 (2015: RM313,090 and RM69,243) respectively.

9. Tax credit/(expenses)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax credit/(expenses) comprises				
Real property gain tax	(536,471)	-	(536,472)	-
Deferred tax (Note 28):				
Current year	568,541	660,901	-	-
Total tax credit/(expenses)	32,070	660,901	(536,472)	-

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit/(Loss) before tax	2,578,280	(6,189,601)	4,013,794	(1,159,667)
Tax expense at income tax rate of 24% (2015: 25%)	618,787	(1,547,400)	963,311	(289,917)
Tax effect of income/(expenses) not chargeable/ (deductible) in determining tax	426,971	2,405,535	(963,311)	289,917
Tax effect on allowable plantation development expenditure	(241,708)	(228,537)	-	-
Utilisation of current year capital allowances	(235,509)	-	-	-
Utilisation of deferred tax asset previously not recognised	-	31,303	-	-
Real property gain tax	(536,471)	-	(536,472)	-
Tax credit/(expenses)	32,070	660,901	(536,472)	-

10. Earnings per share

Basic earnings per share

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

	Group	
	2016	**2015**
	RM	**RM**
Profit/(Loss) attributable to owners of the Company	2,610,350	(5,528,700)
	Units	**Units**
Number of shares in issue as of 1 January/31 December	115,066,787	115,066,787
Basic earnings per share (sen)	2.27	(4.80)

Diluted earnings per share

Diluted earnings per ordinary share is calculated by dividing net profit/(loss) 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	
	2016	**2015**
	RM	**RM**
Net profit/(loss) attributable to owners of the Company	2,610,350	(5,528,700)
	Units	**Units**
Number of shares in issue as of 1 January/31 December	115,066,787	115,066,787
	115,066,787	115,066,787
Diluted earnings per share (sen)	2.27	(4.80)

11. Property, plant and equipment

Group 2016	At beginning of the year RM	Additional RM	Disposal RM	Write-Off RM	Reclassification RM	Disposal of Subsidiary (Note 17) RM	At end of the year RM
Cost							
Buildings	8,847,907	-	-	(352,182)	(998,800)	(364,470)	7,132,455
Plant and machinery	10,060,630	530	(185,000)	-	-	(18,090)	9,858,070
Renovations, furniture, fixtures and equipment	2,426,896	79,652	-	-	-	(1,390)	2,505,158
Motor vehicles	4,141,239	80,000	(187,966)	(174,000)	521,959	-	4,381,232
Motor vehicles under hire-purchase	1,850,518	212,940	-	-	(521,959)	-	1,541,499
Construction-in-progress	252,538	150,374	-	-	-	-	402,912
	27,579,728	523,496	(372,966)	(526,182)	(998,800)	(383,950)	25,821,326

2016	At beginning of year RM	Charge for the year RM	Disposal RM	Write-Off RM	Reclassification RM	Disposal of Subsidiary (Note 17) RM	At end of year RM	Net book value RM
Accumulated Depreciation								
Buildings	432,789	140,502	-	(67,449)	(62,332)	(25,298)	418,212	6,714,243
Plant and machinery	8,759,210	570,861	(93,334)	-	-	(17,209)	9,219,528	638,542
Renovations, furniture, fixtures and equipment	2,129,854	108,195	-	-	-	(1,150)	2,236,899	268,259
Motor vehicles	3,889,857	174,855	(139,470)	(173,997)	359,712	-	4,110,957	270,275
Motor vehicles under hire-purchase	956,075	347,852	-	-	(359,712)	-	944,215	597,284
Construction-in-progress	-	-	-	-	-	-	-	402,912
	16,167,785	1,342,265	(232,804)	(241,446)	(62,332)	(43,657)	16,929,811	8,891,515

11. Property, plant and equipment (Cont'd)

Group 2015	At beginning of year RM	Additions RM	Disposal RM	Write-Off RM	Reclassification RM	At end of year RM
Buildings	6,173,448	-	-	-	2,674,459	8,847,907
Plant and machinery	9,596,945	445,595	-	-	18,090	10,060,630
Renovations, furniture, fixtures and equipment	3,306,904	15,685	(5,444)	(872,159)	(18,090)	2,426,896
Motor vehicles	3,092,897	30,000	(472,240)	-	1,490,582	4,141,239
Motor vehicles under hire-purchase	3,341,100	-	-	-	(1,490,582)	1,850,518
Construction-in-progress	2,270,129	698,952	-	(42,084)	(2,674,459)	252,538
	27,781,423	1,190,232	(477,684)	(914,243)	-	27,579,728

2015	At beginning of year RM	Charge for the year RM	Disposal RM	Write-Off RM	Reclassification RM	At end of year RM	Net book value RM
Accumulated Depreciation							
Buildings	327,183	106,417	-	-	(811)	432,789	8,415,118
Plant and machinery	8,246,872	527,489	-	-	(15,151)	8,759,210	1,301,420
Renovations, furniture, fixtures and equipment	2,752,867	233,950	(4,990)	(867,935)	15,962	2,129,854	297,042
Motor vehicles	2,584,377	177,646	(447,218)	-	1,575,052	3,889,857	251,382
Motor vehicles under hire-purchase	2,008,510	522,617	-	-	(1,575,052)	956,075	894,443
Construction-in-progress	-	-	-	-	-	-	252,538
	15,919,809	1,568,119	(452,208)	(867,935)	-	16,167,785	11,411,943

11. Property, plant and equipment (Cont'd)

Company 2016	At beginning of year RM	Additions RM	Disposal RM	Reclassification RM	At end of year RM
Cost					
Renovations, furniture, fixtures and equipment	155,834	7,800	-	-	163,634
Motor vehicles	312,917	-	(67,966)	54,572	299,523
Motor vehicles under hire-purchase	842,113	-	-	(54,572)	787,541
	1,310,864	7,800	(67,966)	-	1,250,698

	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						
Renovations, furniture, fixtures and equipment	81,100	24,218	-	-	105,318	58,316
Motor vehicles	311,417	667	(67,137)	54,571	299,518	5
Motor vehicles under hire-purchase	474,799	157,508	-	(54,571)	577,736	209,805
	867,316	182,393	(67,137)	-	982,572	268,126

11. Property, plant and equipment (Cont'd)

Company 2015	At beginning of year RM	Additions RM	Reclassification RM	At end of year RM
Cost				
Renovations, furniture, fixtures and equipment	1,025,233	2,760	(872,159)	155,834
Motor vehicles	312,917	-	-	312,917
Motor vehicles under hire-purchase	842,113	-	-	842,113
	2,180,263	2,760	(872,159)	1,310,864

	At beginning of year RM	Charge for the year RM	Write-Off RM	Reclassification RM	At end of year RM	Net book value RM
Accumulated Depreciation						
Renovations, furniture, fixtures and equipment	902,852	46,182	(867,934)	-	81,100	74,734
Motor vehicles	164,564	1,999	-	144,854	311,417	1,500
Motor vehicles under hire-purchase	451,232	168,421	-	(144,854)	474,799	367,314
	1,518,648	216,602	(867,934)	-	867,316	443,548

Property, plant and equipment of the Group with net book value of RM7,352,459 (2015: RM8,077,959) are charged to a licensed bank in respect of credit facilities granted to the Group as disclosed in Note 26 and Note 27.

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 RM4,211,000 (2015: RM3,892,062) and RM303,000 (2015: RM302,919) respectively.

12. Plantation development expenditure

	Group	
	2016	**2015**
	RM	**RM**
Cost:		
At beginning of year	101,020,537	100,031,386
Additions	1,191,709	989,151
Disposal of subsidiary (Note 17)	(2,512,152)	-
At end of year	99,700,094	101,020,537
Accumulated amortisation:		
At beginning of year	(18,784,104)	(16,366,204)
Amortisation for the year	(2,397,632)	(2,417,900)
Disposal of subsidiary (Note 17)	125,555	-
At end of year	(21,056,181)	(18,784,104)
Net book value	78,643,913	82,236,433

Plantation development expenditure of the Group with carrying amount of RM78,643,913 (2015: RM79,807,968) is charged to a licensed bank for credit facilities granted to the Group as disclosed in Note 27.

Included in additions during the year is interest capitalised amounting to RM820,731 (2015: RM709,842), as disclosed in Note 7.

13. Prepaid lease payments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cost				
At beginning of year	36,531,127	36,531,127	9,147,600	9,147,600
Addition	-	-	-	-
Disposal of subsidiary (Note 17)	(2,716,315)	-	-	-
Reclassification (Note 14)	(9,147,600)	-	(9,147,600)	-
At end of year	24,667,212	36,531,127	-	9,147,600
Accumulated amortisation:				
At beginning of year	(6,797,905)	(6,308,835)	-	-
Amortisation for the year	(465,346)	(489,070)	-	-
Disposal of subsidiary (Note 17)	260,956	-	-	-
At end of year	(7,002,295)	(6,797,905)	-	-
Net book value	17,664,917	29,733,222	-	9,147,600

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	
	2016 RM	2015 RM	2016 RM	2015 RM
41 years (42 years in 2015)	17,644,917	18,106,540	-	-
52 years (53 years in 2015)	-	2,479,082	-	-
96 years (97 years in 2015)	-	9,147,600	-	9,147,600
	17,644,917	29,733,222	-	9,147,600

Certain leasehold land and buildings with carrying amounts of RM17,644,917 (2015: RM18,106,540) are pledged to a licensed bank for credit facilities granted to the Group as disclosed in Note 27.

14. Investment properties

Group and Company	Freehold land RM	Leasehold land RM	Total RM
2016			
Cost:			
At beginning of year	544,000	418,129	962,129
Addition	-	-	-
Reclassification (Note 13)	-	9,147,600	9,147,600
At end of year	544,000	9,565,729	10,109,729
Accumulated depreciation:			
At beginning of the year	-	(19,971)	(19,971)
Addition	-	-	-
At end of the year	-	(19,971)	(19,971)
Net book value	544,000	9,545,758	10,089,758

Included in investment properties with carrying amount of RM9,147,600 (2015: NIL) represent lands exchange in Pantai Klebang with Melaka State Government on 5 December 2013.

Group and Company	Freehold land RM	Leasehold land RM	Total RM
2015			
Cost:			
At beginning of year	544,000	418,129	962,129
Addition	-	-	-
At end of year	544,000	418,129	962,129
Accumulated depreciation:			
At beginning of the year	-	(19,971)	(19,971)
Addition	-	-	-
At end of the year	-	(19,971)	(19,971)
Net book value	544,000	398,158	942,158

The fair value of the investment properties as at 31 December 2016 is estimated at RM14,865,911 (2015: RM1,480,601) has been arrived at by the Directors based on reference to market evidence of transaction prices for similar properties. As at 31 December 2016, 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 RM75,047 (2015: RM67,561).

15. Investment in subsidiaries

	Company	
	2016 RM	2015 RM
Unquoted shares in subsidiaries – at cost	61,265,639	61,265,639
Impairment loss	(2)	(2)
Disposal	(2,776,622)	-
At end of year	58,489,015	61,265,637

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

Direct subsidiaries	Effective Equity Interest 2016	Effective Equity Interest 2015	Principal Activities
Goldkist (Malaysia) Sdn. Bhd. #	100%	100%	Dormant.
Goldkist (NS) Sdn. Bhd. #	100%	100%	Dormant.
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. (Note 17)	-	100%	Cultivation of palm oil.
Subsidiary of SHC Tubau Plantation Sdn. Bhd.			
Tubau Corporation Sdn. Bhd. (Note 17)	-	100%	Property holding

The audited reports of these subsidiaries contain a material uncertainty relating to going concern relating to the appropriateness of the going concern basis used in the preparation of their financial statements. The Company has confirmed to provide continued financial support to these subsidiaries to continue its business without any significant curtailment of its operations.

16. Available-for-sale investment

Available-for-sale investments consist of:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unquoted shares:				
At cost	2,800,000	3,245,969	2,800,000	2,800,000
Less: impairment loss	-	(445,969)	-	-
	2,800,000	2,800,000	2,800,000	2,800,000

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

	Effective Equity Interest		Principal activities
	2016	2015	
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

On 28 September 2015, the Company entered into sale and purchase agreement to dispose all of its 2,800,000 ordinary shares of RM1.00 each in PTS Goldkist Industries Sdn. Bhd. with Goldform Resources Sdn Bhd. and its subsidiary for a total consideration of RM2,800,000 (Ringgit Malaysia Two Million Eight Hundred Thousand).

The disposal of the share is subject to the fulfilment of conditions precedent and the payment of remaining eight (8) monthly instalments of RM105,000.

17. Disposal of subsidiary

On 3 June 2016, the Company entered into a conditional Share Sale Agreement with Borneo Agro-Resources Sdn Bhd to dispose of the entire equity interest, comprising of 100,000 ordinary shares of RM1.00 each, in SHC Tubau Sdn Bhd, a wholly-owned subsidary of the Company, for a cash consideration of RM10.5 million. The disposal also entails the disposal of an effective 100% equity interest in Tubau Corporation Sdn Bhd, a wholly-owned subsidiary company of SHC Tubau Sdn Bhd.

The disposal was completed on 30th June 2016 with a disposal gain of RM5,318,255 recognised in the profit or loss (Note 8).

The effect of the disposal to the financial position of the Group as at the date of disposal were as follow:

	Group
	2016 **RM**
Property, plant and equipment (Note 11)	340,293
Plantation development expenditure (Note 12)	2,386,597
Prepaid lease rental (Note 13)	2,455,359
Trade and other receivables	4,319
Cash and bank balances	2
Trade and other payables	(4,825)
	5,181,745
Total disposal proceeds settled by cash	10,500,000
Total gain on disposal to the Group	5,318,255

18. Goodwill on consolidation

	Group	
	2016 **RM**	**2015** **RM**
At beginning of financial year	16,329,389	16,329,389
Less: impairment of goodwill from subsidiaries	-	-
At end of financial year	16,329,389	16,329,389

Goodwill on consolidation arose mainly from acquisition of a subsidiary which is principally involved in the 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.

18. Goodwill on consolidation (Cont'd)

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.

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 6.9% 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.

Sensitivity to changes in assumption

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying values of the units to materially differ from its recoverable amounts.

19. Inventories

	Group	
	2016	**2015**
	RM	**RM**
At cost:		
Consumables	745,928	544,486
Oil palm seeds	48,116	48,116
	794,044	592,602

20. Trade receivables, other receivables, deposits and prepayments

(a) Trade receivables

	Group	
	2016 RM	2015 RM
Trade receivables	1,810,743	1,368,618
Impaired receivables	-	1,405,909
Less: allowance for impairment	-	-
Less: bad debts written off	-	(1,405,909)
	-	-
At end of financial year	1,810,743	1,368,618

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 (2015: 10 to 30 days). As at 31 December 2016, there are no receivables of the Group that were past due but not impaired. All trade receivables are denominated in Ringgit Malaysia.

(b) Other receivables and prepaid expenses consist of:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	1,971,510	2,010,566	140,487	140,487
Less: Allowance for doubtful debts	(1,866,207)	(1,866,207)	(140,487)	(140,487)
	105,303	144,359	-	-
Refundable deposits	93,001	364,187	48,311	318,103
Interest receivable	47,268	-	47,268	-
Prepayments	207,551	202,430	18,019	8,002
	453,123	710,976	113,598	326,105

20. Trade receivables, other receivables, deposits and prepayments (Cont'd)

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

(i) Past due but not impaired

As at 31 December 2016, RM105,303 (2015: RM144,359) of other receivables of the Group and Nil (2015: NIL) 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	
	2016 **RM**	**2015** **RM**
At beginning of financial year	1,866,207	1,860,850
Movement	-	5,357
At end of financial year	1,866,207	1,866,207

Included in other receivables, deposits and prepayments of the Group and of the Company are rental deposits and advance rental of RM59,436 (2015: RM230,722) 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 30.

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 75% (2015: 68%) 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.

21. Amounts owing by subsidiaries and other related companies

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

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

	Company	
	2016	**2015**
	RM	**RM**
Amounts owing by subsidiaries		
- net of allowance for doubtful debts RM13,217,306 (2015: RM13,200,220)	14,922,855	15,916,042

Amounts owing by 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 2016, RM14,922,855 (2015: RM15,916,042) 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	
	2016	**2015**
	RM	**RM**
At beginning of financial year	13,200,220	13,348,641
Movement	17,086	(148,421)
At end of financial year	13,217,306	13,200,220

22. Fixed deposits, cash and bank balances

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fixed deposits with licensed banks	12,600,000	4,250,000	12,600,000	4,250,000
Cash and bank balances	106,958	150,550	94,689	135,540
Fixed deposits, cash and bank balances	12,706,958	4,400,550	12,694,689	4,385,540
Less: Bank overdraft (Note 27)	(23,090,805)	(23,824,443)	-	-
Cash and cash equivalents	(10,383,847)	(19,423,893)	12,694,689	4,385,540

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

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

	Group		Company	
	2016	2015	2016	2015
Fixed deposits with licensed banks	7 to 180 days	7 to 180 days	7 to 180 days	7 to 180 days

The weighted average interest rates per annum are as follows:

	Group		Company	
	2016	2015	2016	2015
Fixed deposits with licensed banks	3.00% to 3.88%	3.00% to 4.05%	3.00% to 3.88%	3.00% to 4.05%

23. Asset classified as held for sales

	Group	
	2016	**2015**
	RM	**RM**
Shop houses	936,468	-

On 21 November 2016, the Group has entered into Sales and Purchase Agreements with Bearing & Parts Sdn. Bhd. to dispose one unit of three storey terrace corner shop house at Jalan Tun Hussein Onn, Bintulu, containing an area of 155.2 square metres, Lot 8707, Block 32 Kemena Land District for a total consideration of RM1,166,000. The disposal is subject to fulfilment of conditions precedent.

The asset classified as held for sale has been charged to a local bank for borrowings granted to the Group as mentioned in Note 27.

24. Share capital

	Group & Company	
	2016	**2015**
	RM	**RM**
Ordinary shares of RM1 each		
Authorised	500,000,000	500,000,000
Issued and fully paid		
At 1 January	115,066,787	115,066,787
Issued during the financial year	-	-
At 31 December	115,066,787	115,066,787

25. 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 comprehensive income.

26. Hire purchase payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total installments outstanding	606,171	848,620	368,956	479,091
Less: Interest-in-suspense	(46,080)	(54,466)	(25,817)	(42,947)
Principal outstanding	560,091	794,154	343,139	436,144
Less: Portion due within one year	(183,818)	(394,343)	(95,418)	(93,005)
Non-current portion	376,273	399,811	247,721	343,139

The non-current portion is repayable as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Due in:				
More than one year but less than two years	133,294	152,090	99,750	95,418
More than two years but less than three years	242,979	99,750	147,971	99,750
More than three years	-	147,971	-	147,971
	376,273	399,811	247,721	343,139

The interest rates implicit in the hire-purchase payables of the Group and of the Company range from 2.36% to 3.75% (2015: 2.36% to 3.75%) per annum. The Group's and the Company's hire-purchase payables are secured by financial institutions charge over the assets under hire-purchase.

27. Borrowings

	Group	
	2016	**2015**
	RM	**RM**
Current:		
Bank overdraft (Note 22)	23,090,805	23,824,443
Term loan I	45,247	43,959
Term loan II	1,800,000	1,400,000
Term loan III	198,065	-
	25,134,117	25,268,402
Non-current:		
Term loan I	614,067	654,684
Term loan II	26,900,000	28,600,000
Term loan III	2,162,335	2,360,400
	29,676,402	31,615,084
Total borrowings		
Bank overdraft	23,090,805	23,824,443
Term loan I	659,314	698,643
Term loan II	28,700,000	30,000,000
Term loan III	2,360,400	2,360,400
	54,810,519	56,883,486
Less: Repayable after more than one year	(29,676,402)	(31,615,084)
	25,134,117	25,268,402
The maturity profile of borrowings is as follows:		
Less than 1 year	25,134,117	25,268,402
Between 1 and 3 years	3,259,059	4,845,979
Between 3 and 5 years	12,682,385	8,951,002
More than 5 years	13,734,958	17,818,103
	54,810,519	56,883,486

Borrowings are denominated in Ringgit Malaysia.

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

Interest rate for borrowings is on floating basis. Effective interest rate as at 31 December 2016 is 4.57% and 6.67% (2015: 4.75% and 5.85%) per annum for term loan I and bank overdrafts respectively.

The term loan II and III facilities amounted to RM60,000,000, with a drawdown of RM32,360,400 as at 31 December 2016, bear interest at 6.67% (2015: 5.85%) per annum.

The 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; and

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

28. Deferred tax liabilities

Group	At beginning of year RM	Recognised in profit or loss (Note 9) RM	At end of year RM
2016			
Deferred tax liabilities			
Temporary differences arising from			
- Revaluation of property, plant and equipment, and prepaid lease payments	(8,985,031)	568,541	(8,416,490)
- Property, plant and equipment, and plantation development expenditure	(6,887,374)	248,119	(6,639,255)
	(15,872,405)	816,660	(15,055,745)
Deferred tax assets			
Unabsorbed capital allowances	5,221,288	(247,548)	4,973,440
Unused tax losses	1,665,000	-	1,665,000
Temporary differences arising from other payables and accrued expenses	1,086	(271)	815
	6,887,374	(247,819)	6,639,255
	(8,985,031)	568,841	(8,416,490)
2015			
Deferred tax liabilities			
Temporary differences arising from			
- Revaluation of property, plant and equipment, and prepaid lease payments	(9,645,932)	660,901	(8,985,031)
- Property, plant and equipment, and plantation development expenditure	(7,131,000)	243,626	(6,887,374)
	(16,776,932)	904,527	(15,872,405)
Deferred tax assets			
Unabsorbed capital allowances	5,267,000	(45,712)	5,221,288
Unused tax losses	1,782,000	(117,000)	1,665,000
Temporary differences arising from other payables and accrued expenses	82,000	(80,914)	1,086
	7,131,000	(243,626)	6,887,374
	(9,645,932)	660,901	(8,985,031)

28. 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 2016, 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	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Unabsorbed capital allowances	7,976,594	7,920,928	1,646,793	1,602,449
Unused tax losses	80,871,976	79,910,359	32,571,532	32,310,333
	88,848,570	87,831,287	34,218,325	33,912,782

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

29. Trade payables, other payables and accruals

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 (2015: 15 to 90 days).

Other payables and accrued expenses consist of:

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Other payables	7, 773,586	7,005,136	7,566,457	6,811,673
Provision for interest payable to a former non-controlling interest	-	4,523	-	-
Accruals	232,412	529,482	34,810	22,500
	8,005,998	7,539,141	7,601,267	6,834,173

29. Trade payables, other payables and accruals (Cont'd)

Included in other payables and accruals of the Group and the Company are amounts of RM5,600,000 (2015: RM6,107,703) and RM5,600,000 (2015: RM6,048,000) 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 NIL (2015: RM6,107,703) owing by the subsidiary which bears interest at rate of 8% (2015: 8%) per annum.

As at 31 December 2016, included in other payables of the Group and the Company are amounts of RM1,960,000 (2015: RM700,000) which represents down payment and monthly instalments received in relation to the receipts for disposal of available-for-sales investment as disclosed in Note 16.

30. 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 party and their relationship with the Company and the Group are as follows:

Name of related party	Relationship
Desa Samudra Sdn. Bhd.	A company in which Dato' Choo Keng Weng is also a director and shareholder.

Transactions with company 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.

30. Significant related party transactions (Cont'd)

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

(a) Group

	2016 RM	2015 RM
Rental of property from other related company		
- Desa Samudra Sdn. Bhd.	203,088	197,165

(b) Company

	2016 RM	2015 RM
Rental of property from a related company		
- Desa Samudra Sdn. Bhd.	79,728	77,403
Provision of management services to subsidiaries		
- Urun Plantations Sdn. Bhd.	1,164,475	1,100,895

Compensation of key management personnel

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short-term employee benefits	719,700	793,329	581,700	619,200
EPF contributions	101,340	107,652	84,780	90,180
	821,040	900,981	666,480	709,380

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 include Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Group and of the Company.

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	
	2016 **RM**	**2015** **RM**
Debt (i)	55,370,609	57,677,640
Less: Cash and cash equivalents	(12,706,958)	(4,400,550)
Net debt	42,663,651	53,277,090
Equity (ii)	79,449,152	76,838,802
Gearing ratio	54%	69%

(i) Debt is defined as hire-purchase obligations and long-term loans as disclosed in Notes 26 and 27.

(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 2016, 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 (loss)/profit before tax, by approximately RM1,478,758.

(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 Notes 26 and 27.

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 26 and 30.

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 22, are short term and therefore their exposure to the effects of future changes in prevailing level of interest rates are limited.

31. Financial risk management (Cont'd)

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

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:

	2016 RM	2015 RM
Floating rate liability		
Long-term loans	274,053	284,417

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

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 20. 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.

31. Financial risk management (Cont'd)

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

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	Carrying amount RM'000	Contractual undiscounted Cash flows RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000
2016					
Financial liabilities					
Non-interest bearing:					
Trade payables	799	799	799	-	-
Other payables and accrued expenses	8,006	8,006	8,006	-	-
Interest bearing:					
Hire-purchase payables	560	606	205	401	-
Bank overdrafts	23,091	23,091	23,091	-	-
Term loan I	659	847	74	298	475
Term loan II	28,700	37,364	3,659	19,944	13,761
Term loan III	2,360	3,146	350	1,398	1,398
	64,175	73,859	36,184	22,041	15,634

31. Financial risk management (Cont'd)

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

Group	Carrying amount RM'000	Contractual undiscounted Cash flows RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000
2015					
Financial liabilities					
Non-interest bearing:					
Trade payables	539	539	539	-	-
Other payables and accrued expenses	1,432	1,432	1,432	-	-
Interest bearing:					
Other payables	6,107	6,107	6,107	-	-
Hire-purchase payables	794	848	422	426	-
Bank overdrafts	23,824	23,824	23,824	-	-
Term loan I	699	830	74	298	458
Term loan II	30,000	38,204	3,406	19,798	15,000
Term loan III	2,360	3,165	161	644	2,360
	65,755	74,949	35,965	21,166	17,818

31. Financial risk management (Cont'd)

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

Company	**Carrying amount RM'000**	**Contractual undiscounted Cash flows RM'000**	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**
2016					
Financial liabilities					
Non-interest bearing:					
Other payables and accruals	7,601	7,601	7,601	-	-
Interest bearing:					
Hire-purchase payables	343	369	108	261	-
	7,944	7,970	7,709	261	-

Company	**Carrying amount RM'000**	**Contractual undiscounted Cash flows RM'000**	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**
2015					
Financial liabilities					
Non-interest bearing:					
Other payables and accruals	786	786	786	-	-
Interest bearing:					
Other payables	6,048	6,048	6,048	-	-
Hire-purchase payables	436	479	110	369	-
	7,270	7,313	6,944	369	-

31. Financial risk management (Cont'd)

(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.

	2016		2015	
	Carrying amount RM	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Group				
Hire-purchase payables	560,091	560,091	794,154	794,154
Term loan I	659,314	659,314	698,643	698,643
Term loan II and III	31,060,400	31,060,400	32,360,400	24,546,375
Bank overdrafts	23,090,805	23,090,805	23,824,443	23,824,443
Company				
Hire-purchase payables	343,139	343,139	436,144	436,144

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 other related companies 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.

31. Financial risk management (Cont'd)

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

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	
	2016 RM	**2015 RM**
Level 3		
Available-for-sale financial assets:		
Available-for-sale investments	2,800,000	3,245,969
Less: Impairment on available-for-sale investment	-	(445,969)
	2,800,000	2,800,000

32. Significant events subsequent to the financial year

On 25 January 2017, the Company has announced the following proposals:

(i) Proposed diversification of the principal activities of Company to include the engineering, procurement and construction of district cooling systems, the supply of cooling energy from district cooling systems and related activities, and the provision of energy and facility management services;

(ii) Proposed acquisition by Company of 100% equity interest in Tunas Cool Energy Sdn Bhd ("TCE") for a total cash consideration of RM7.5 million;

(iii) Proposed acquisition by SHC of 25% equity interest in KJ Technical Services Sdn Bhd ("KJTS") for a total consideration of RM10.0 million to be satisfied by a combination of cash payment of RM5.0 million and the issuance of 5,000,000 new ordinary shares in Company ("SHC Shares") at the issue price of RM1.00 per SHC Share; and

(iv) Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

In addition, the Company had on 25 January 2017 entered into the following conditional agreements:

(a) Share sale and purchase agreement ("SSA") in relation to the Proposed Acquisition of TCE between Astute Consultancy Sdn Bhd and Tunas Selatan Construction Sdn Bhd as vendors and Company as purchaser.

(b) SSA in relation to the Proposed Acquisition of KJTS between Lee Kok Choon and Sheldon Wee Tah Poh as vendors and Company as purchaser.

On 8 March 2017, the Company has submitted above proposals to Bursa Malaysia Securities Berhad.

As at the date of this report, the completion of the above proposals is still pending.

33. 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 2016 into realised and unrealised losses, pursuant to the directive, is as follows:

	Group	
	2016 RM	**2015 RM**
Total accumulated losses of the Company and its subsidiaries		
Realised	(47,649,509)	(49,779,569)
Unrealised	(8,416,491)	(8,985,031)
	(56,066,000)	(58,764,600)
Less: Consolidation adjustments	20,448,365	20,536,615
Total accumulated losses as per statements of financial position	(35,617,635)	(38,227,985)

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 251(2) OF THE COMPANIES ACT 2016

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 32 to 95 are drawn up in accordance with the Financial Reporting Standards and the requirements 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 2016 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 33 on pages 93, 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 in accordance with a resolution of the Directors,

Dato' Choo Keng Weng
Director

Thomas Tuan Kit Kwong
Director

Kuala Lumpur,
5 April 2017

STATUTORY DECLARATION

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

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 32 to 95 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 5 April 2017

Before me,

Commissioner for Oaths

LIST OF
PROPERTIES HELD
AS AT 31 DECEMBER 2016

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	55 years	398,158
2	Klebang Land, Melaka	Vacant Land	261,360 sq. ft.	2114	N/A	9,147,600
3	Provisional Lease Lot 4, Punan Land District, Sarawak	Oil Palm Plantation with Office/Store/ Worker Quarters	10,730 hectares	2057	16 years	17,664,917
	Provisional Lease Lot 7, Dulit Land District, Sarawak	Oil Palm Plantation	267 hectares	2057	N/A	
	GRAND TOTAL					**27,754,675**

ANALYSIS OF SHAREHOLDINGS

AS AT 19 APRIL 2017

Authorised Share Capital	:	RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each
Paid-up Share Capital	:	RM115,066,787
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	122	4.08	3,395	0.00
100 – 1,000	962	32.17	858,603	0.75
1,001 – 10,000	1,452	48.56	6,370,331	5.54
10,001 – 100,000	388	12.98	12,210,010	10.61
100,001 – 5,753,338	62	2.08	45,891,634	39.88
5,753,339 and above	4	0.13	49,732,814	43.22
	2,990	100.00	115,066,787	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 Sdn Bhd	19,182,125	16.67	-	-
Tan Sri Dato' Sri Haji Esa bin Haji Mohamed	16,738,989	14.55	-	-
Dato' Choo Keng Weng	17,364,293(1)	15.09	2,925,000(2)	2.54
Samudera Sentosa Sdn bhd	8,000,000	6.95	-	-

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 19 APRIL 2017

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	16.67
2	Esa Bin Mohamed	12,580,689	10.93
3	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Choo Keng Weng (M09)*	9,970,000	8.66
4	Sabah Development Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Samudera Sentosa Sdn. Bhd.*	8,000,000	6.95
5	Choo Keng Weng	5,113,793	4.44
6	Niaga Serimas Sdn Bhd	5,001,000	4.35
7	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for J.V. Avenue Sdn. Bhd.*	4,828,162	4.20
8	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Esa Bin Mohamed*	4,158,300	3.61
9	Macronet Sdn Bhd	2,925,000	2.54
10	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Su Ming Ming*	2,052,000	1.78
11	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Swee Yee*	2,024,200	1.76
12	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohd Salleh Bin Yeop Abd Rahman*	1,560,000	1.36
13	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sy Choon Yen*	1,560,000	1.36
14	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Choo Keng Weng*	1,400,000	1.22
15	Asraman Sdn Bhd	1,283,900	1.12
16	Chu Siew Fei	842,700	0.73
17	Maybank Securities Nominees (Tempatan) Sdn Bhd *Maybank Kim Eng Securities Pte Ltd for Eng Holdings Sdn Bhd*	838,553	0.73
18	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for OCBC Securities Private Limited (Client A/C-NR)*	798,671	0.69
19	Lee Lai Leng	695,600	0.60
20	Chia Soo Hock	633,200	0.55
21	Syed Omar Bin Syed Abdullah	600,000	0.52
22	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Choo Keng Weng*	600,000	0.52
23	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ang Poh Eng*	476,900	0.41
24	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cheng Teck Loong*	430,800	0.37
25	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Chong Lee Fong (MQ0269)*	402,000	0.35

THIRTY LARGEST ORDINARY SHAREHOLDERS (CONT'D)

No.	Shareholders	No. of Shares Held	%
26	Eng See Tiau	386,000	0.34
27	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Law Chee Boon (7000630)*	340,100	0.30
28	Ong Tuann Foo	333,600	0.29
29	Tan Soon Chai	310,000	0.27
30	Sy Ban Lee	280,500	0.25
	Total	**89,607,793**	**77.87**

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

	Direct		Indirect	
	No. of Shares	**%**	**No. of Shares**	**%**
Dato' Choo Keng Weng	17,364,293[(1)]	15.09	2,925,000[(2)]	2.54
YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI	-	-	-	-
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.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Fifth (55th) Annual General Meeting of Sin Heng Chan (Malaya) Berhad ("SHCMB" or 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 June 2017 at 10.00 am for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees and benefits for the financial year ended 31 December 2016. **Ordinary Resolution 1**

3. To re-elect the following Directors retiring pursuant to Article 94 of the Company's Articles of Association and being eligible, have offered themselves for re-election:

   3.1 Mr. Thomas Tuan Kit Kwong **Ordinary Resolution 2**

   3.2 YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI **Ordinary Resolution 3**

4. To re-appoint Messrs Ecovis AHL PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

AS SPECIAL BUSINESS

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

5. **RETENTION OF INDEPENDENT DIRECTOR**

   To retain the following Director who has served for more than nine years as Independent Non-Executive Director of the Company:

   5.1 YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI **Ordinary Resolution 5**

6. **AUTHORITY TO ISSUE SHARES BY THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** **Ordinary Resolution 6**

   "THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other governmental/ regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY** **Special Resolution 1**

"THAT the Memorandum and Articles of Association of the Company be and are hereby amended in the manner as set out in Appendix I on pages 103 to 110 of the Company's Annual Report 2016 to be in line with the Companies Act 2016.

AND THAT the Directors be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendments to the Memorandum and Articles of Association of the Company."

By order of the Board,

LIM SECK WAH (MAICSA 0799845)
KONG MEI KEE (MAICSA 7039391)
Company Secretaries

Kuala Lumpur
Dated this 28 April 2017

Notes:

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 1 June 2017. Only a depositor whose name appears on the Record of Depositors as at 1 June 2017 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

2. A member entitle to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint up to two (2) proxies to attend the same meeting provided that he/she specifies the proportion of his/her shareholding to be represented by each proxy. A proxy may but need not be a member of the Company.

3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member is an exempt authorised nominee, it may appoint multiple proxies for each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the Corporation's Common Seal or under the hand of an officer or attorney so authorised.

6. The Proxy Form must be deposited at the Registered Office of the Company at Suite 2.02, Level 2 Wisma E & C No. 2, Lorong Dungun Kiri Damansara Heights 50490 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

7. Explanatory Notes on Special Businesses:

   Ordinary Resolution 5 - Retention of Independent Director

   The Board of Directors has vide the Nominating Committee conducted an assessment of independence of the following directors who have served as Independent Non-Executive Directors for a cumulative term of more than nine years and recommended them to continue to act as Independent Non-Executive Director based on the following justifications:

   (i) YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI

Justifications:

(a) 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;
(b) His years of experience as a businessman enabled him to provide the Board with a diverse set of experience, expertise and independent judgment; and
(c) 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.

Ordinary Resolution 6 - Authority to issue shares by the company pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Resolution 6 is a renewal of mandate given by the shareholders at the previous AGM held on 12 May 2016, primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion and for such purposes as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issue capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company. The renewed authority will provide flexibility to the Company for the allotment of shares for the purpose of the possible fund raising activities for the purpose of funding future project/investment, working capital and/or acquisitions. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM of the Company.

No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last AGM held on 12 May 2016.

8. Special Resolution 1

The proposed Special Resolution 1 above on the Proposed Amendments to the Memorandum and Articles of Association of the Company is to align the Memorandum and Articles of Association with the Companies Act, 2016, which is effective 31 January 2017.

APPENDIX I

DETAILS OF THE PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The following Memorandum & Articles of Association of the Company be amended to be in line with the new Companies Act, 2016:

Memorandum of Association

Clause No.	Existing Provision	Proposed Amendment
Clause 5	The authorised share capital of the Company is RM500,000,000.00 divided into 500,000,000 ordinary shares of RM1.00 each. The shares in the original or any increased capital may be divided into several classes, and there may be attached hereto respectively any preferential, deferred or special rights, privileges, conditions or restrictions or dividends, capital, voting or otherwise.	The share capital of the Company is comprising of ordinary shares. The shares in the original or any increased capital may be divided into several classes, and there may be attached hereto respectively any preferential, deferred or special rights, privileges, conditions or restrictions or dividends, capital, voting or otherwise.

Articles of Association

Article No.	Existing Provision	Proposed Amendment
1.Table A	The Regulation contain in Table “A” in the Fourth Schedule in Companies Act, 1965.	Delete in its entirely.
2. Interpretation	the Act	the Companies Act 2016.
Article 6	While the shares are held as treasury shares, the rights attached to such shares as to voting, dividends and participation in other distribution and otherwise are suspected and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of Section 67A(3C) of the Act, the provisions of any law or requirements of the Articles of Association of the Company or the Listing Requirements on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the results of a vote on a resolution at a meeting.	While the shares are held as treasury shares, the rights attached to such shares as to voting, dividends and participation in other distribution and otherwise are suspected and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of Section 127 of the Act, the provisions of any law or requirements of the Articles of Association of the Company or the Listing Requirements on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the results of a vote on a resolution at a meeting.
Article 7	The authorised share capital of the Company at the date of adoption of these Articles is RM500,000,000.00 (Malaysia Ringgit Five Hundred Million) divided into 500,000,000 ordinary shares of RM1.00 (Malaysia Ringgit One) each.	Delete in its entirely.

Article No.	Existing Provision	Proposed Amendment
Article 10(a)	If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class. To every such separate General Meeting the provisions of these Articles relating to the General Meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issue shares of the class and that any holder of shares of the class present in person or proxy may demand a poll. To every such special resolution the provision of Section 152 of the Act shall, with such adaptations as are necessary, apply.	If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class. To every such separate General Meeting the provisions of these Articles relating to the General Meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issue shares of the class and that any holder of shares of the class present in person or proxy may demand a poll. To every such special resolution the provision of Section 292 of the Act shall, with such adaptations as are necessary, apply.
Article 11	The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company. Provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, that such commission shall not exceed ten (10) per cent of the price at which such shares are issued, or an amount equivalent to such percentage and that the requirements of Section 58 of the Act shall be observed. Subject the provisions of Section 54 of the Act, such commission may be satisfied by the payment of cash or the allotment of fully paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.	The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company. Provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, that such commission shall not exceed ten (10) per cent of the price at which such shares are issued, or an amount equivalent to such percentage and that the requirements of Section 80 of the Act shall be observed. Subject the provisions of Section 78 of the Act, such commission may be satisfied by the payment of cash or the allotment of fully paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.
Article 12	Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works of building or the provision of any plant which cannot be made profitable for a long period the Company may pay interest on so much of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 69 of the Act and may charge the same to capital as part of the cost of construction of the works or buildings or the provision of the plant.	Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works of building or the provision of any plant which cannot be made profitable for a long period the Company may pay interest on so much of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 130 of the Act and may charge the same to capital as part of the cost of construction of the works or buildings or the provision of the plant.

Article No.	Existing Provision	Proposed Amendment
Article 31	Subject to the restriction imposed by these Articles, Listing Requirement, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listing security of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding section 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.	Subject to the restriction imposed by these Articles, Listing Requirement, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listing security of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding sections 105 and 109 of the Act, but subject to subsection S148(2) of the Act and any exemption that may be made from compliance with subsection S148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.
Article 57(b)	there is still in effect a resolution under Section 132D of the Act approving the issuance of shares by the Company.	there is still in effect a resolution under Sections 75 and 76 of the Act approving the issuance of shares by the Company.
Article 63	The Directors may whenever they so decide by resolution convene Extraordinary General Meeting of the Company. In addition, an Extraordinary General Meeting shall be convened on such requisition as is referred to in Section 144 of the Act. If the Company makes default in convening a meeting in compliance with a requisition received pursuant to Section 144, a meeting may be convened by the requisitionists themselves in the manner provided in Section 144 of the Act.	The Directors may whenever they so decide by resolution convene Extraordinary General Meeting of the Company. In addition, an Extraordinary General Meeting shall be convened on such requisition as is referred to in Section 312 of the Act. If the Company makes default in convening a meeting in compliance with a requisition received pursuant to Section 312, a meeting may be convened by the requisitionists themselves in the manner provided in Section 313 of the Act.

Article No.	Existing Provision	Proposed Amendment
Article 74	At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded: (a) By the Chairman; or (b) By at least three Members present in person or by proxy; or (c) By any Member or Members present in person or by proxy and representing not less than one- tenth of the total voting rights of all the Members having the right to vote at the meeting; or (d) By a Member or Members holdings shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid on all the shares conferring that right. Provided that no poll shall be demanded on the election of a Chairman of a meeting or on any question of adjournment. Unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the vote recorded in favour of or against the resolution. The demand for a poll may be withdrawn. Every resolution shall be decided by a majority of votes whether on show of hands or a poll. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.	At any General Meeting a resolution put to the vote of the meeting shall be decided by poll as per Listing Requirements: Provided that no poll shall be demanded on the election of a Chairman of a meeting or on any question of adjournment.

Article No.	Existing Provision	Proposed Amendment
Article 75	If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded but a poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may in addition to the powers of adjourning meetings contained in Article 67 adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.	Delete in entirely.
Article 76	In the case of an equality of votes, whether on show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to second or casting vote.	In the case of an equality of votes, the Chairman of the general meeting shall be entitled to second or casting vote.
Article 77	Subject to any rights or restriction for the time being attached to any class or classes of shares, at meetings of Members or classes of Members each Member entitled to vote may vote in person or by proxy or attorney or other duly authorised representative, and on a show of hands every Members present in person or proxy of Member shall have one vote and a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share he holds. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Members to speak at the meeting.	Subject to any rights or restriction for the time being attached to any class or classes of shares, at meetings of Members or classes of Members each Member entitled to vote may vote in person or by proxy or attorney or other duly authorised representative, shall have one vote for each share he holds. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Members to speak at the meeting.

Article No.	Existing Provision	Proposed Amendment
Article 78	A holder may appoint more than one (1) proxy to attend the same meeting. Where a holder appoints two or more proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid. When two or more valid but differing instruments of proxy ae delivered for shares in the same Securities Account for use at the same meeting, the instrument of proxy which is last validly delivered (regardless of its date or date of execution) shall be treated as replacing and revoking the other or others as regards the shares in the relevant Securities Account. If the Company is unable to determine which instrument was last validly delivered, none of them shall be treated as valid in respect of the shares in the relevant Securities Account. A member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy and such attendance shall be an automatic revocation of the proxy's authority. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.	A holder may appoint more than one (1) proxy to attend the same meeting. Where a holder appoints two or more proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid. When two or more valid but differing instruments of proxy ae delivered for shares in the same Securities Account for use at the same meeting, the instrument of proxy which is last validly delivered (regardless of its date or date of execution) shall be treated as replacing and revoking the other or others as regards the shares in the relevant Securities Account. If the Company is unable to determine which instrument was last validly delivered, none of them shall be treated as valid in respect of the shares in the relevant Securities Account. A member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy and such attendance shall be an automatic revocation of the proxy's authority.
Article 79	A Member who is of unsound mind or whose person or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote by proxy or attorney, and any person entitled under the transmission Article hereof to transfer any shares, may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that forty-eight (48) hours at least before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.	A Member who is of unsound mind or whose person or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote by proxy or attorney, and any person entitled under the transmission Article hereof to transfer any shares, may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that his name appears in the Record of Depositors as per Article 66 (c) of the Act.

Article No.	Existing Provision	Proposed Amendment
Article 84	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorised. 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(a), (b), (c) and (d) of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorised. 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 334 of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
Article 86	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office or at such other place as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office or at such other place as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
Article 87	The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	Delete in entirely.
Article 102	The Company may be ordinary resolution, of which special notice have been given in accordance with Section 128 of the Act, remove any director before the expiration of his period of office, notwithstanding anything in these Articles or in any agreement between the Company and Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.	The Company may be ordinary resolution, of which special notice have been given in accordance with Section 206 of the Act, remove any director before the expiration of his period of office, notwithstanding anything in these Articles or in any agreement between the Company and Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.

Article No.	Existing Provision	Proposed Amendment
Article 124(a)	A Director who is in any way, whether directly interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 131 of the Act.	A Director who is in any way, whether directly interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Sections 219 and 221 of the Act.
Article 127(e)	Any contract or proposed contract which has been or will be made with or for the benefit of on behalf of a corporation (as defined in the Act) which by virtue of Section 6 of the Act is deemed to be related to the Company – that he is director of that corporation.	Any contract or proposed contract which has been or will be made with or for the benefit of on behalf of a corporation (as defined in the Act) which by virtue of Section 7 of the Act is deemed to be related to the Company – that he is director of that corporation.
Article 129	A Director notwithstanding his interest may, provided that none of the other directors present disagree, be counted in the quorum present at any meeting whereat be or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinafter mentioned are considered or whereat any decision is taken upon any contract or arrangement in which he is in any way interesting provided always that he has complied with Section 131 of the Act.	A Director notwithstanding his interest may, provided that none of the other directors present disagree, be counted in the quorum present at any meeting whereat be or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinafter mentioned are considered or whereat any decision is taken upon any contract or arrangement in which he is in any way interesting provided always that he has complied with Section 221 of the Act.
Article 144	The Secretary or Secretaries shall, in accordance with the Act, be appointed by the Directors for such term, at such remuneration and upon such conditions as the Directors may think fit, and any Secretary so appointed may be removed by them, but without prejudice to any claim he may have for damages for breach of any contract of service with the Company. The Director may from time to time by resolution appoint a temporary substitute for any Secretary who shall be deemed to be the Secretary during the term of his appointment. The appointment and duties of the Secretary or Secretaries shall not conflict with the provision of the Act and in particular Section 139 thereof.	The Secretary or Secretaries shall, in accordance with the Act, be appointed by the Directors for such term, at such remuneration and upon such conditions as the Directors may think fit, and any Secretary so appointed may be removed by them, but without prejudice to any claim he may have for damages for breach of any contract of service with the Company. The Director may from time to time by resolution appoint a temporary substitute for any Secretary who shall be deemed to be the Secretary during the term of his appointment. The appointment and duties of the Secretary or Secretaries shall not conflict with the provision of the Act and in particular Section 235 thereof.
Article 152	Auditors shall be appointed and their duties regulated in accordance with Section 172 to 173 of the Act.	Auditors shall be appointed and their duties regulated in accordance with Sections 264 and 266 of the Act.

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

PROXY FORM

No. of Ordinary Shares Held

I/We……………………………………………......................…..I/C No./Co. No./CDS A/C No.…........……………….....…..
(Full name in Capital Letters)

of……………………………………………..........................…. ……………………………………………………...........................…
(Full address)

being a member/members of **SIN HENG CHAN (MALAYA) BERHAD**, hereby appoint the following person(s):

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

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Fifty-Fifth (55th) Annual General Meeting ("AGM") 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 June 2017 at 10.00 am. My/our proxy/proxies is to vote as indicated below:

RESOLUTIONS RELATING TO:		FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
ORDINARY RESOLUTION					
1.	To approve the payment of Directors' fees and benefits for the financial year ended 31 December 2016.				
2.	To re-elect Mr. Thomas Tuan Kit Kwong who retires pursuant to Article 94.				
3.	To re-elect YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI who retires pursuant to Article 94.				
4.	To re-appoint Messrs Ecovis AHL PLT as Auditors and to authorise the Directors to fix their remuneration.				
SPECIAL BUSINESS					
5.	To retain YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI as Independent Non-Executive Director.				
6.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.				
SPECIAL RESOLUTION					
1.	Proposed Amendments to the Memorandum and Articles of Association.				

Please indicate with a "√" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion. The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

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

Signed this ....day of 2017

Notes:

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 1 June 2017. Only a depositor whose name appears on the Record of Depositors as at 1 June 2017 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member entitle to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint up to two (2) proxies to attend the same meeting provided that he/she specifies the proportion of his/her shareholding to be represented by each proxy. A proxy may but need not be a member of the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee, it may appoint multiple proxies for each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the Corporation's Common Seal or under the hand of an officer or attorney so authorised.
6. The Proxy Form must be deposited at the Registered Office of the Company at Suite 2.02, Level 2 Wisma E & C No. 2, Lorong Dungun Kiri Damansara Heights 50490 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

Fold this flap for sealing

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Affix Stamp
Here

THE COMPANY SECRETARY
SIN HENG CHAN (MALAYA) BERHAD (4690-V)
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)

Level 3, Wisma E & C,
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