

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (CONT'D)

### 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2016 %	2015 %	
Heng Huat Industries Holdings Sdn. Bhd. ("HHIH")	Malaysia	100%	100%	Investment holding
Fibre Star Marketing Sdn. Bhd. ("FS Marketing")	Malaysia	100%	100%	Ceased operation
Fibre Star (M) Sdn. Bhd. ("Fibre Star")	Malaysia	100%	100%	Manufacturing of mattresses and related products
HK Gua Musang Sdn. Bhd. ("HKGM")	Malaysia	100%	100%	Manufacturing and trading of oil palm biomass materials and value-added products
HK Power Sdn. Bhd. ("HKP")	Malaysia	100%	100%	Operator of power plant and boiler turbine system for electricity generation and steam production
<u>Subsidiaries of HHIH</u>				
HK Fibre Sdn. Bhd. ("HKF")	Malaysia	97%	97%	Manufacturing and trading of coconut biomass materials and value-added products
HK Mega Industries Sdn. Bhd. ("HKM")	Malaysia	100%	100%	Dormant
HK Kitaran Sdn. Bhd. ("HK Kitaran")	Malaysia	100%	100%	Manufacturing and trading of oil palm biomass materials and value-added products
HK Palm Fibre Manufacturer Sdn. Bhd. ("HK Palm")	Malaysia	50% *	50% *	Manufacturing and trading of oil palm biomass materials

\* Although the Group owns 50% equity interest in HK Palm, it is able to govern the financial and operating policies of the company as the operational matters and the requisite technology and processes adopted for the company's production are designed and dictated by the Group's Managing Director, H'ng Choon Seng and Deputy Managing Director, Kee Swee Lai since the inception of HK Palm. The remaining two directors and shareholders of the company, which form the non-controlling interests, merely assume the role of an investor without active involvement in the company's operations.