



**BRITE-TECH BERHAD**  
(990222-0)



annual  
report  
2004



**BRITE-TECH BERHAD**  
(990222-0)

# C O N T E N T S

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## S I N E L N O C



02	Notice of Annual General Meeting
04	Statement Accompanying Notice of Annual General Meeting
05	Corporate Information
06	Directors' Profile
09	Executive Chairman's Statement
11	Corporate Governance Statement
16	Audit Committee Report
19	Statement on Internal Control
21	Financial Statements
64	Statistic of Shareholdings
65	List of Thirty Largest Shareholders
66	List of Properties
Enclosed	Proxy Form

## NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the Fourth Annual General Meeting of **Brite-Tech Berhad** will be held at Langkawi 1 Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 23 June 2005 at 9.30 a.m. to transact the following business:-

### AGENDA

#### ORDINARY BUSINESS

1. To receive and consider the Audited Accounts for the financial year ended 31 December 2004 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a final gross dividend of 1.11 sen per ordinary share, less income tax at 28%, in respect of the year ended 31 December 2004. (Resolution 2)
3. To approve the payment of Directors' fees for the year ended 31 December 2004. (Resolution 3)
4. To re-elect the following Directors who are retiring by rotation, pursuant to Article 96 of the Articles of Association of the Company, and being eligible, offer themselves for re-election:-
  - a) Mr. Pang Wee See (Resolution 4)
  - b) Mr. Chan Ah Kien (Resolution 5)
  - c) Ir. Koh Thong How (Resolution 6)
5. To re-appoint S. F. Yap & Co as auditors of the Company and to authorise the Directors to fix their remuneration (Resolution 7)

#### SPECIAL BUSINESS

6. To consider and, if thought fit, pass with or without modification, the following ordinary resolution:- (Resolution 8)

##### **Authority pursuant to Section 132D of the Companies Act, 1965 for the Directors to issue shares**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approvals of all the relevant authorities being obtained for such allotment and issue and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

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

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN** that the final gross dividend of 1.11 sen per share less income tax in respect of the financial year ended 31 December 2004, if approved by the shareholders, will be paid on 28 July 2005 to shareholders whose names appear in the Register of Depositors at the close of business on 15 July 2005. A Depositor shall qualify for dividend entitlement only in respect of:-

- a) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 15 July 2005 in respect of ordinary transfers;
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

Yip Siew Yoong (MAICSA 0736484)  
Leong Siew Kit (MACS 01215)  
Company Secretaries

Kuala Lumpur  
31 May 2005

#### Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. The instrument of 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 its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at 17 & 19, 2nd Floor, Jalan Brunei Barat, 55100 Kuala Lumpur, not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof.
5. Explanatory Note on Special Business – Resolution 8

The proposed Ordinary Resolution under Special Business, if passed, will give the Directors of the Company authority to issue shares of the Company up to an amount not exceeding in total, 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### a) Director standing for re-election at the Fourth Annual General Meeting of the Company

The Directors retiring by rotation pursuant to Article 96 of the Company's Article of Association and seeking re-election are as follows:

- Pang Wee See (Executive Chairman)
- Chan Ah Kien (Executive Director)
- Ir. Koh Thong How (Engineering Director)

Further details of the Directors who are standing for re-election at the Fourth Annual General Meeting are set out in the Profile of Directors on pages 6 to 8 of the Annual Report and information on their shareholdings are listed on page 64 of the Annual Report.

### b) Details of attendance of Directors at Board Meetings

Four (4) Board meetings were held during the financial year from 1 January 2004 to 31 December 2004. Details of attendance of Directors at the Board meetings are as follows:-

	<b>Name</b>	<b>Designation</b>	<b>Attendance</b>
1.	Pang Wee See	Executive Chairman	4/4
2.	Tan Boon Kok	Executive Director	4/4
3.	Chan Ah Kien	Executive Director	4/4
4.	Kan King Choy	Executive Director	4/4
5.	Ir. Koh Thong How	Engineering Director	3/4
6.	Dr. Seow Pin Kwong	Independent Non-Executive Director	4/4
7.	Cheng Sim Meng	Independent Non-Executive Director	4/4

### c) Date, Time and Place of the Fourth Annual General Meeting

The Fourth Annual General Meeting of **Brite-Tech Berhad** will be held at Langkawi 1 Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 23 June 2005 at 9.30 a.m..

## CORPORATE INFORMATION

### Board of Directors

**Pang Wee See**  
Executive Chairman

**Tan Boon Kok**  
Executive Director

**Chan Ah Kien**  
Executive Director

**Kan King Choy**  
Executive Director

**Ir. Koh Thong How**  
Engineering Director

**Dr. Seow Pin Kwong**  
Independent Non- Executive Director

**Cheng Sim Meng**  
Independent Non- Executive Director

**Yee Oii Pah @ Yee Ooi Wah**  
Alternate Director to Pang Wee See

### Audit Committee

**Dr. Seow Pin Kwong** Chairman  
Independent Non-Executive Director

**Cheng Sim Meng** Member  
Independent Non-Executive Director

**Kan King Choy** Member  
Executive Director

### Company Secretaries

**Yip Siew Yoong** (MAICSA 0736484)

**Leong Siew Kit** (MACS 01215)

### Share Registrar

Bina Management Sdn. Bhd.  
Lot 10, The Highway Centre,  
Jalan 51/205, 46050 Petaling Jaya  
Tel.: 03-7784 3922  
Fax.: 03-7784 1988

### Auditors

S. F. Yap & Co.  
17 & 19, Jalan Brunei Barat,  
Off Jalan Pudu,  
55100 Kuala Lumpur

### Principal Bankers

United Overseas Bank (Malaysia) Berhad  
Malayan Banking Berhad  
Hong Leong Bank Berhad

### Registered Office

17 & 19, 2nd Floor,  
Jalan Brunei Barat, Pudu,  
55100 Kuala Lumpur  
Tel.: 03-2142 6689  
Fax: 03-2142 7301

### Stock Exchange Listing

Mesdaq Market of  
Bursa Malaysia Securities Berhad

## DIRECTORS' PROFILE

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### Pang Wee See

Pang Wee See, aged 53, is the Executive Chairman of BTB. He was appointed to the Board on 25 May 2002. He graduated from University Sains Malaysia with a Bachelor of Applied Science (Hons) majoring in Polymer Science in 1977. He started his career with Asia Tape Corporation Bhd as Chemist in 1978 and later was promoted to the position of Chemist cum Factory Manager. He then moved to Federal Rubber Products Co. Sdn Bhd as Production Manager in 1979. Subsequent to this, he and three partners set up BCSB in 1980. He left Federal Rubber Products in 1984 to manage BCSB and later expanded to set up HCSB, RCSB, SLSB, SLJSB and SLPSB. As a founder of BTB Group, with his excellent entrepreneurial skills and more than 20 years of experience, he has steered BTB Group to become an established and acclaimed total solution provider in water and wastewater treatment and laboratory services. He is also a Director of BCSB, HCSB, SLSB, SLJSB, SLPSB, RCSB, BSSB, ROSB and BVS and also sits on the Board of other private companies.

Mr. Pang is the spouse of Madam Yee Oii Wah and brother-in-law of Ir. Koh Thong How. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2004.

### Tan Boon Kok

Tan Boon Kok, aged 47, was appointed to the Board on 25 May 2002 as an Executive Director. Upon completion of his Form Six Level education in Tunku Abdul Rahman College in 1978, he joined Paloh Palm Oil Mill in 1979. The following year in 1980, he moved to Bukit Benut Palm Oil Mill and subsequently to Coronation Palm Oil Mill as Laboratory Conductor. He joined BCSB in 1983 as Sales Executive and later was promoted to Sales Manager in 1986. He has been with the Group for more than 17 years. Currently, he is responsible for the overall operations of RCSB and is responsible for the Group's diversification into rental of ion exchange resin columns and processed drinking water. He is also a Director of RCSB, SLJSB, BSSB, ROSB and BVS.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2004.

### Chan Ah Kien

Chan Ah Kien, aged 42, was appointed to the Board on 25 May 2002 as an Executive Director. He co-founded HCSB in 1987 and has been with the Group for more than 13 years. He had his education in Temerloh, Pahang and completed his Sijil Pelajaran Malaysia (SPM) in 1981. He built his experience since 1981 and rose through the ranks from technician, operations, marketing and to management level, involving in industrial wastewater treatment and scheduled waste disposal. He has accumulated more than 10 years experience in industrial wastewater treatment and over the years with HCSB, he is also exposed to new advance treatment technology through close working relationship with leading overseas wastewater treatment companies in USA and Europe. Currently, he is responsible for the overall operations of HCSB. He is also a Director of HCSB, BSSB, ROSB and BVS.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2004.

### Kan King Choy

Kan King Choy, aged 43, was appointed to the Board as an Executive Director on 25 May 2002. He joined SLSB as a Manager of the laboratory in 1990 and has been with the Group for more than 10 years. He graduated from Tunku Abdul Rahman College with a Diploma in Science and a Bachelor of Science degree in Chemistry and Mathematics from Campbell University (U.S.A.) in 1985. After graduation, he joined Sailcos Laboratories Sdn. Bhd. in 1986 as a Chemist where he remained for 4 years, familiarising with the laboratory operations and the laboratory business in general. He was admitted as a Licentiate of the Institut Kimia Malaysia in 1988 and is a member of the Association of Official Analytical Chemists (AOAC). He is responsible for the overall operations of the laboratory division which encompasses SLSB, SLJSB and SLPSB. He is also a Director of SLSB, SLJSB, SLPSB, BSSB, ROSB and BVSB.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) year. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2004. He is also a member of the Audit Committee of the Company.

### Ir. Koh Thong How

Ir. Koh Thong How, aged 50, was appointed to the Board as Engineering Director on 25 May 2002. He received a Technician Diploma from Singapore Polytechnic in 1977 and subsequently pursued his studies in United Kingdom to obtain a Bachelor of Science degree in Civil Engineering (Honours) from University of Dundee in 1980. He then furthered his studies in Asian Institute of Technology, Thailand to obtain his Master of Engineering degree in Structural Engineering and Construction in 1982. He started his career with Jurutera Konsultant (SEA) Sdn Bhd as Design Engineer in 1982 and later moved to S Chan Project Consultancy Services Sdn Bhd as Senior Engineer and was there until 1995. Thereafter he became the Technical Director (Civil & Structural) of Murray North (M) Sdn Bhd. In 1998, he left the company to venture into his own business, KP Perunding (Civil & Structural Consulting Engineers). He was admitted as a Corporate Member of the Institution of Engineers Malaysia ("IEM") in 1986 and was the Honorary Treasurer of IEM (Southern Branch) for 1988-89, 89-90 & 90-91 sessions and the Honorary Secretary of IEM (Southern Branch) for 1991-92, 92-93 & 93-94 sessions. He was registered as a Professional Engineer (Malaysia) in 1988. Since 1995, Ir. Koh Thong How has been providing advice as the engineering advisor for HCSB.

Ir. Koh is the brother-in-law of Pang Wee See. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) years. He has attended three (3) Board meetings of the Company for the financial year ended 31 December 2004.

### Dr. Seow Pin Kwong

Dr. Seow Pin Kwong, aged 64, was appointed to the Board on 25 May 2002 as an Independent Non-Executive Director. He graduated from University of Malaya with a Bachelor of Science degree in Chemistry in 1967. He began his career as a teacher and subsequently pursued his studies in France to obtain a doctorate degree in Macromolecular Sciences. Upon completion of his studies, he served as a lecturer with Mara Institute of Technology in 1974 and then joined the Rubber Research Institute of Malaya ("RRIM") as Research Officer in 1975. He was seconded to Malaysian Rubber Producers' Research Association ("MRPRA") from 1979 to 1981 as Research Scientist and returned to RRIM in 1981. He was promoted to Senior Research Officer in 1984 and retired from RRIM in 1995 to join Thong Fook Plastics Industries as General Manager/Technical Adviser of Research & Development until 1997. He also served as the Senior Technical Manager of MI Pipes (M) Sdn Bhd.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2004. He is currently the Chairman of the Audit Committee of the Company.



## DIRECTORS' PROFILE (CONT'D)

### Cheng Sim Meng

Cheng Sim Meng, aged 51, was appointed to the Board on 25 May 2002 as an Independent Non-Executive Director. Mr. Cheng is a Chartered Insurer. He is a Fellow of the Chartered Insurance Institute (UK), Fellow of the Malaysian Insurance Institute, Associate of the India Insurance Institute, Associate of the Chartered Institute of Arbitrators (UK), Associate of the Malaysian Institute of Management, and armed with a Masters degree in Business Administration from Universiti Putra Malaysia and holds various certificates in accounting. He was Associate of the Insurance Brokers Association of Malaysia and Member of the Malaysian Institute of Directors. Mr Cheng has also worked as a Research Associate during his tenure of his Masters in Business Administration studies. He is now pursuing his doctorate degree.

He has been in the insurance industry for more than twenty-nine years handling all aspects of general and life insurance in the areas of management, marketing, underwriting, claims, finance, investment, accounts & statistics, credit control, reinsurance, broking, networking & distribution, training and leadership roles. He started his career as a clerk in a Life Insurance Company (1972-1974) and thereafter a credit controller in an general insurance company (1974-1975). He joined a local insurance company in 1975 as an accounts assistant. He assumed the position of Manager of an insurance broking company in 1978. Subsequently, he ventured into business of an insurance agency from 1982 and has remained so until 2001. Currently, he is a Senior Manager (Marketing) with a local insurance company.

Since 1982 he is involved on a part-time basis in education. He lectures and act as course leader with the Malaysian Insurance Institute on various courses & training aspects, public seminars and conferences as well as Lectures in TAR college, private institutes & colleges and financial institutions.

He does not have any family relationship with other Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences in the past ten (10) years. He has attended all the four (4) Board meetings of the Company for the financial year ended 31 December 2004. He is also a member of the Audit Committee of the Company.

### Madam Yee Oii Pah @ Yee Ooi Wah

Yee Oii Pah @ Yee Ooi Wah, aged 52, was appointed as an alternate Director to Pang Wee See on 25 May 2002. She obtained her Bachelor degree in Pharmacy (Hons) from Universiti Sains Malaysia in 1978. She is a registered pharmacist with the Malaysian Pharmacy Board and also a member of the Malaysian Pharmaceutical Society. Upon graduation, she underwent one year of pupillage training. In 1979, she joined Mediko Farmasi Sdn Bhd as a pharmacist. She has since accumulated over 20 years of professional experience and exposure in the pharmaceutical industry. She also sits on the Board of another private company.

Madam Yee is the spouse of Pang Wee See. She has no conflict of interest with the Company and she has not been convicted for any offences in the past ten (10) years.

#### Note:

BTB	-	Brite-Tech Berhad
BCSB	-	Brite-Tech Corporation Sdn. Bhd.
HCSB	-	Hooker Chemical Sdn. Bhd.
RCSB	-	Rank Chemical Sdn. Bhd.
SLSB	-	Spectrum Laboratories Sdn. Bhd.
SLJSB	-	Spectrum Laboratories (Johore) Sdn. Bhd.
SLPSB	-	Spectrum Laboratories (Penang) Sdn. Bhd.
BSSB	-	Brite-Tech (Sabah) Sdn. Bhd.
ROSB	-	Renown Orient Sdn. Bhd.
BVSB	-	Brite-Tech Ventures Sdn. Bhd.

## EXECUTIVE CHAIRMAN'S STATEMENT

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On behalf of the Board of Directors ("Board"), I have the pleasure of presenting the Annual Report and Financial Statements of Brite-Tech Berhad Group ("BTB Group" or "the Group") for the financial year ending 31 December 2004.

### Financial Review

For the financial year ended 31 December 2004, the BTB Group registered a pre-tax profit of RM2.951 million as compared to the previous year's pre-tax profit of RM4.103 million while the Group's turnover decreased from RM15.958 million in 2003 to RM12.640 million in 2004. The decrease in the performance was attributed to the deferment of projects as prospective clients remain cautious in their spending.

### Review of Operations

The BTB Group is an integrated water purification and wastewater treatment solutions provider with two main business segments comprising of environmental products and services, and, system equipment and ancillary products.

Environmental products and services offer products and services such as formulated water and wastewater treatment chemicals as well as analytical testing and environmental monitoring services. These sectors of business remained stable with recurring business and the Group is optimistic that this sector will be able to improve its performance for the year ahead.

System and equipment provides consultation, engineering study and design, installation and commissioning of water purification and wastewater treatment systems. The performance of this sector declined due to the deferment of projects as prospective clients remain cautious in their spending. Ancillary products and services provide solutions to various industries that require ultra-pure deionised water, institutional housekeeping chemicals, industrial maintenance chemicals, hotel amenities and had expanded its range of products to include consumer products such as household cleaning products. This sector of business also remained stable with recurring business and with the addition of consumer products, the Group is optimistic of stronger contribution from this sector.

### Corporate Development

On 20 September 2004, the Group entered into a share sale agreement with the shareholders of Sincere United Sdn. Bhd. ("SUSB") namely, Chong Tuck Chiew and Toong Chong Seng for the proposed acquisition of 70% equity interest in SUSB comprising 350,000 ordinary shares of RM1.00 each for a cash consideration of RM4.125 million.

### Prospects

For the year under review, Malaysia's economy had shown positive improvement according to the latest economic report by Bank Negara, with both the services and manufacturing sectors continuing to be the main drivers of growth and the growth prospect for Malaysia remains favourable in 2005.

Going forward, the BTB Group's immediate business plan is to implement strategic marketing efforts in areas of water and wastewater treatment as well as to consolidate its existing customer base. The Group will continuously seek new ventures and activities in related areas to expand its business as well as strengthen its network of business contacts. The Group is also constantly looking for opportunities in related areas of businesses and may consider the possibility of acquiring such businesses that can reap better economies of scale to the Group.

The BTB Group will continue to consolidate its existing operations and concentrate on its core competencies as well as to implement prudent expenditure management to improve its performance. Barring any unforeseen circumstances, I am optimistic that the performance of the Group is likely to remain satisfactory for the year ahead.

## EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

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### **Dividends**

As a recognition of your continuous support, the Board is pleased to recommend a final gross dividend of 1.11 sen per share less income tax for approval at the forthcoming Annual General Meeting.

### **Acknowledgement and Appreciation**

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to the management and staff for their hard work and contribution to the Group; our shareholders, all regulatory authorities, bankers, customers and business associates for their co-operation and support. Finally, I would like to express my sincere appreciation and gratitude to my fellow directors for their invaluable contributions and support.

### **Pang Wee See**

Executive Chairman  
28 May 2005

# CORPORATE GOVERNANCE STATEMENT

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The Board of Directors of the Company is committed to promote the highest standards of corporate governance within the Group by supporting and implementing the principles and best practices as outlined in the Malaysian Code of Corporate Governance and the relevant provisions of Bursa Malaysia Securities Berhad Listing Requirements. The Board strives to ensure that high standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Company.

## 1. The Board

### a) Composition of the Board

The Board currently consists of seven (7) members, comprising an Executive Chairman, three (3) Executive Directors, one (1) Engineering Director and two (2) Independent Non-Executive Directors.

The Company considers that its complement of non-executive directors provides an effective Board with a mix of industry-specific knowledge and broad business and commercial experience. The balance enables the Board to provide clear and effective leadership of the Company and to bring informed and independent judgment to many aspects of the Company's strategy and performance so as to ensure the highest standards of conduct and integrity are maintained throughout the Group.

No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the investment of the shareholders.

The Board has a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Company is firmly in its hands.

### b) Board Meetings

The Board meets every quarter and additional meetings are held as and when necessary. The Board met four (4) times during the year ended 31 December 2004. Details of each Directors' attendance at Board meetings are set out in the Statement Accompanying Notice Of Annual General Meeting.

### c) Supply of Information

The Board assumes the following responsibilities:-

- reviewing and adopting a strategic plan for the Group;
- overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

All Directors receive appropriate and timely information which includes an agenda prior to the Board meetings to enable the Board to discharge its duties. The Board receives information that is not just historical and bottom line and financial-oriented but information that is beyond assessing the quantitative performance of the Group and looks at other performance factors such as customer satisfaction, product and service quality, market share, market reaction, environmental performance. This enables the Board to deal with any item on the agenda to facilitate informed decision-making and thus enable the Board to discharge its duties effectively.

All Directors have full access to information pertaining to all matters for the purpose of making decisions.

There is an agreed procedure for the Directors to take independent professional advice at the Company's expense, if necessary. All Directors have access to the advice and services of the Company Secretary who ensures compliance with statutory obligations, Listing Rules of Bursa Malaysia Securities Berhad or other regulatory requirements. The removal of the Company Secretary shall be a matter for the Board as a whole.

### d) Retirement and Re-election of Directors

In accordance with the Company's Articles of Association, at least one third of the Directors shall retire by rotation from office at least once in every three (3) years and offer themselves for re-election. All Directors who are appointed by the Board shall subject themselves for re-election by shareholders at the next Annual General Meeting immediately after their appointment.

### e) Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysts Malaysia, an affiliate company of Bursa Malaysia Securities Berhad and intends to attend the Continuing Education Programme (CEP) prescribed by Bursa Malaysia Securities Berhad from time to time.

## 2. Directors' Remuneration

The Group's remuneration scheme for Executive Directors is linked to performance, seniority, experience and scope of responsibility and is benchmarked to market/industry practises. For Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by them.

The number of directors whose aggregate remuneration during the financial year ending 31 December 2004 which falls within the following bands is as follows:

Band of Remuneration	Executive Directors	Non-Executive Directors
RM 50,000 and below	–	3
RM 50,001 – RM100,000	–	–
RM100,001 – RM150,000	3	–
RM150,001 – RM200,000	–	–
RM200,001 and above	1	–

The Board do not consider it appropriate to disclose the remuneration of each individual Director so as to preserve a degree of privacy.

### 3. Board Committees

#### a) **Audit Committee**

The composition and the terms of reference of the Audit Committee are set out in the Audit Committee Report on Page 16 of this Annual Report.

#### b) **Remuneration Committee**

The present members of the Remuneration Committee are as follows:

Chairman:	Dr. Seow Pin Kwong	(Independent Non-Executive Director)
Members:	Cheng Sim Meng	(Independent Non-Executive Director)
	Kan King Choy	(Executive Director)

The Committee's roles include making recommendations to the Board on the remuneration framework for Executive Directors of the Group as well as reviewing and recommending annual remuneration adjustments of the Executive Directors, where necessary, with the emphasis being placed on performance and comparability with market practises and the performance of the Group.

The Board, as a whole, determines the remuneration of the Executive and Non-Executive Directors and the individual Director is required to abstain from discussing his own remuneration.

#### c) **Nomination Committee**

The present members of the Nomination Committee are as follows:

Chairman:	Dr. Seow Pin Kwong	(Independent Non-Executive Director)
Members:	Cheng Sim Meng	(Independent Non-Executive Director)
	Kan King Choy	(Executive Director)

The Committee's role include review and recommending of candidates to the Board for directorships and seats of Board committees. The Committee is also responsible for assessing the effectiveness of the Board and the various committees of the Board as a whole, and contribution of all members of the Board. It also reviews the appropriate Board balance and size, and that the Board has the required mix of expertise, skills and experience.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

### 4. Accountability and Audit

#### a) Financial Reporting

The Board of Directors aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects through the annual financial statements, quarterly announcements to shareholders as well as Chairman's Statement and Financial Review in the Annual Report. In this respect, the Audit Committee assists the Board by overseeing the Group's financial reporting processes and the quality of the financial reporting.

#### b) Internal Control

The Board acknowledges its responsibility for the Group's system of internal controls that is designed to identify and manage the risks to which the Group is exposed. However, the Board recognizes that such system is structured to manage rather than eliminate possibility of encountering risk of failure to achieve corporate objectives.

The Company has outsourced its internal audit functions to an independent professional firm.

The Group's overall internal controls system includes:-

- clearly established policies and procedures;
- regular review and update of policies and procedures to meet business needs;
- clearly defined job responsibilities and appropriate segregation of duties;
- regular internal audits to monitor compliance with policies, procedures, external regulations and assess integrity of financial information.

These are covered in more detail in the "Statement of Internal Controls" in Pages 19 to 20.

#### c) Relationship with the Auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded the power to communicate directly with the external auditors, towards ensuring compliance with the accounting standards and other related regulatory requirements.

### 5. Relationship with Shareholders

The Board maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decisions.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:-

- a) the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Audit Committee and Board of Directors;
- b) various announcements made to Bursa Malaysia Securities Berhad, which includes announcement on quarterly results;

In addition, the Annual General Meeting ("AGM") provides an opportunity for the shareholders to seek and clarify any matter pertaining to the business and financial performance of the Group. The Board encourage shareholders to attend and participate in the AGM held annually.

**6. Statement of Compliance with the Code**

The Group endeavours, in so far as it is applicable, towards achieving compliance with the best practices of good governance to the recommendations of the Malaysian Code on Corporate Governance.

**7. Statement of Directors' Responsibilities in relation to the Financial Statements**

The Directors are responsible in the preparation of financial statements prepared for each financial year to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have:-

- adopted suitable accounting policies and apply them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been complied with.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and ensuring that the financial statements comply with the applicable Accounting Standards of Malaysia, the Companies Act 1965 and Bursa Malaysia Securities Berhad Listing Requirements.



# AUDIT COMMITTEE REPORT

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## 1. Composition and Designation of Audit Committee

The Audit Committee currently comprises the following members:

Chairman:	Dr. Seow Pin Kwong	(Independent Non-Executive Director)
Members:	Cheng Sim Meng	(Independent Non-Executive Director)
	Kan King Choy	(Executive Director)

## 2. Terms of Reference

### a) Constitution

The Audit Committee was established on 2002 with terms and reference as set out below.

### b) Composition of Audit Committee

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of at least three (3) Directors, the majority of whom are independent. The members of the Audit Committee shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director. The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three years to determine whether the Audit Committee has carried out their duties according with their terms of reference.

### c) Meetings

The Audit Committee shall meet not less than four (4) times per year and as and when necessary. The quorum of each meeting shall be a minimum of two (2) members of which the majority must be Independent Non-Executive Directors. The presence of external auditors can be requested if required while other members of the Board and employees may attend the meeting upon the invitation of the Committee. The secretary to the Audit Committee shall be the Company Secretary and minutes of each meeting shall be distributed to each member of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

### d) Authority

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference. The Committee shall have unrestricted access to information, records, properties and personnel of the Company and has direct communication channels with the external auditors and person(s) carrying out the internal audit function. The Committee shall have all the resources it needs to perform its duties at the cost of the Company including the right to appoint independent professionals to advise the Committee.

Notwithstanding the above, the Committee does not have executive powers, and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company.

### e) Duties and Responsibility

The duties and responsibilities of the Audit Committee shall include the following:

- (i) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- (ii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (iii) To discuss with the external auditor on the evaluation of the system of internal controls and the assistance given by the employees to the external auditors.
- (iv) To review and report to the Board if there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.
- (v) To review the quarterly and year-end financial statements of the Board, focusing particularly on:
  - Any changes in the accounting policies and practices;
  - Significant adjustments arising from the audit;
  - The going concern assumption; and
  - Compliance with accounting standards and other legal requirements.
- (vi) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of the management where necessary);
- (vii) To review the external auditor's management letter and the management's response;
- (viii) To do the following where the internal audit function is outsourced:
  - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (ix) To consider any related party transactions that may arise within the Company or the Group;
- (x) To consider the major findings of internal investigations and the management's response;
- (xi) To consider other topics as defined by the Board from time to time.

## AUDIT COMMITTEE REPORT (CONT'D)

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### 3. Summary of Activities

The Audit Committee held four (4) meetings during the financial year ended 31 December 2004. All members of the Committee attended the meetings during the year.

The activities of the Audit Committee during the financial year ended 31 December 2004 include the following:

- (i) review the Group's year end audited financial statements presented by the external auditors and recommend the same to the Board for approval;
- (ii) review the quarterly financial result announcements;
- (iii) review audit plan of external auditors;
- (iv) review related party transactions within the Group;
- (v) review the scope of work and audit plan of the internal audit consultants for 2004 as well as review the internal audit reports issued, which covered amongst others, areas such as sales and marketing, credit management, customers' satisfaction and product development;
- (vi) review the effectiveness of the Group's system of internal control;
- (vii) review the Company's compliance with Bursa Malaysia Securities Berhad Listing Requirements, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements; and
- (viii) consider and recommend to the Board for approval the audit fees payable to external auditors.

### 4. Internal Audit Function

The Group has since March 2004 outsourced its Internal Audit function to internal audit consultants to advise and assist in the Internal Audit functions of the Group within the framework as defined by the Audit Committee, which is in accordance with Bursa Malaysia Securities Berhad Statement On Internal Control: Guidance For Directors Of Public Listed Companies. The internal audit activities during the financial year covered amongst others, areas such as sales and marketing, credit management, customers' satisfaction and product development.

# STATEMENT ON INTERNAL CONTROL

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## 1. INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the companies' assets. Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements require directors of listed companies to include a statement in their annual reports on the state of internal controls in the Company as a Group. Bursa Securities' Statement On Internal Control: Guidance For Directors Of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements.

The Board is pleased to provide the following statement on the nature and scope of internal control of the Company and the Group ("the Group") during the year, which has been prepared in accordance with the Guidance.

## 2. BOARD RESPONSIBILITY

The Board places importance on, and committed in maintaining a sound system of internal control and effective risk management practices in the Group to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacy and integrity of the Group's system of internal control and management information system, including systems for compliance with applicable laws, rules, directives, guidelines and risk management practices.

Notwithstanding, as with any internal control system, the Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. It follows, therefore, that the system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

## 3. SYSTEM OF INTERNAL CONTROL

The Group has established an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the year.

The Board of Directors, with the assistance of internal audit consultants, reviews the Group Risk Profile which covers all major identified and significant risks and controls associated with the Group's businesses. In this respect, internal audits are carried out in accordance with the audit plan approved by the Board and focuses on the identified areas of risks with priority towards the management of the significant risks impacting the achievement of the business objectives of the Group. This Group Risk Profile is subjected to regular reviews in line with changes in its business environment, strategies and activities.

The Company has since March 2004 engaged internal audit consultants to advise and assist in the Internal Audit functions of the Group within the framework as defined by the Audit Committee, which is in accordance with the Guidance. The internal audit consultants report directly to the Audit Committee. Since their appointment, the internal audit consultants have undertaken regular and systematic review of the systems of internal controls within the Group. To date, elements of weaknesses in the internal control have been highlighted to the Audit Committee and immediate measures by the Management have been taken to rectify matters.

## STATEMENT ON INTERNAL CONTROL (CONT'D)

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The internal controls are established after considering the overall control environment of the Group. The systems are designed to achieve proper balance between risks undertaken and the potential returns to shareholders. The Group adopts an enterprise wide risk management policy. This policy framework has since identified and managed the significant risks affecting the Group as a whole taking into consideration both the internal and external factors.

Salient features of the framework of the Internal Control Systems of the Group are as follows:

- (i) Periodic Board and management meetings to review financial performance and business operations of the Group
- (ii) A comprehensive annual budget which is approved by the Board. The budget is reviewed and updated if appropriate, with performance monitored and explanations sought for significant variances
- (iii) A management structure exists with clearly defined lines of responsibilities and appropriate levels of delegation and authority
- (iv) Through the internal audit process, the effectiveness of the internal control procedures are subject to continuous assessment, reviews and improvements
- (v) Continuous reviews on established systems to ensure compliance with policies, plans, procedures and regulations which have a material impact to the Company and the Group's operations and well-being.

### 4. CONCLUSION

For the financial year under review, after due consideration and careful inquiry and based on the information and assurance provided, the Board is satisfied that there were no material losses as a result of weaknesses in the system of internal control, that requires separate disclosure in the Company's Annual Report.

# FINANCIAL STATEMENTS

22	Directors' Report
26	Statutory Declaration
26	Statement by Directors
27	Report of the Auditors
28	Balance Sheets
29	Income Statements
30	Statement of Changes in Equity
31	Cash Flow Statements
32	Summary of Significant Accounting Policies
38	Notes to the Financial Statements



## DIRECTORS' REPORT

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The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiary companies. The principal activities of the subsidiary companies are as set out in Note 3 in the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	Group RM	Company RM
Net profit after taxation for the financial year	2,216,991	1,251,646

### DIVIDEND

The dividends on ordinary shares paid by the Company since 31 December 2003 were as follows:

	RM
In respect of the financial year ended 31 December 2003, a final gross dividend on ordinary shares of 1.11 sen per share, less tax of 28%, was paid on 28 July 2004.	1,198,800

The Directors proposed a final gross dividend on ordinary shares of 1.11sen per share, less tax of 28%, amounting to RM1,198,800 in respect of the financial year ended 31 December 2004 subject to the approval of members at the forthcoming Annual General Meeting.

### MOVEMENTS ON RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital and debentures of the Company during the year.

## DIRECTORS OF THE COMPANY

Directors who held office during the year since the date of the last report are as follows:

PANG WEE SEE  
 TAN BOON KOK  
 CHAN AH KIEN  
 KAN KING CHOY  
 IR. KOH THONG HOW  
 DR. SEOW PIN KWONG  
 CHENG SIM MENG  
 YEE OII PAH @ YEE OOI WAH (F)  
 (Alternate director to Pang Wee See)

In accordance with Article 96 of the Company's Articles of Association, Mr. Pang Wee See, Mr. Chan Ah Kien and Ir. Koh Thong How retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interest of Directors in office at the end of the financial year in the ordinary shares of the Company are as follows:

Shares in the Company Direct interest	Number of ordinary shares of RM0.10 each			
	Balance At 1/1/2004	Bought	Sold	Balance At 31/12/2004
PANG WEE SEE	71,852,894	–	4,500,000	67,352,894
TAN BOON KOK	16,222,978	–	1,448,000	14,774,978
CHAN AH KIEN	16,481,826	–	1,474,000	15,007,826
KAN KING CHOY	6,658,858	–	578,000	6,080,858
IR. KOH THONG HOW	290,000	–	–	290,000
DR. SEOW PIN KWONG	240,000	–	57,000	183,000
YEE OII PAH @ YEE OOI WAH (Alternate director to Pang Wee See)	290,000	–	–	290,000

By virtue of their interests in shares in the Company, all the abovenamed directors are also deemed to be interested in the shares of all the subsidiary companies to the extent that the Company has an interest.

Other than disclosed above, none of the directors in office at the end of the financial year held any interest in shares in any related corporations.



## **DIRECTORS' REPORT (CONT'D)**

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### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than those included in the aggregate amount of emoluments received or due and receivable by the Directors shown in 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 he is a member, or with a company in which he has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **BAD AND DOUBTFUL DEBTS**

Before the income statements and the balance sheets were made out, the Directors took reasonable steps to ascertain that action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

### **CURRENT ASSETS**

Before the income statements and the balance sheets were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realize in the ordinary course of business their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected to realize.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading.

### **VALUATION METHODS**

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

### **CONTINGENT AND OTHER LIABILITIES**

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

- a) any charge on the assets of the Group and of the Company, which has arisen since the end of the financial year which secures the liabilities of any other person, or
- b) any contingent liability of the Group and 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 affect the liability of the Group and of the Company to meet their obligations when they fall due.

## **CHANGE OF CIRCUMSTANCES**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements which would render any amounts stated in the financial statements misleading.

## **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company for the financial year ended 31 December 2004 were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

## **EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which the report is made.

## **OPTIONS**

No options has been granted during the year ended covered by the income statement to take up unissued shares of the Group and of the Company.

## **AUDITORS**

The retiring auditors, MESSRS S.F.YAP & CO., have indicated their willingness to be re-appointed in accordance with section 172(2) of the Companies Act, 1965.

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

**PANG WEE SEE**  
Director

**KAN KING CHOY**  
Director

Kuala Lumpur

Dated: 20 April 2005

## STATUTORY DECLARATION

### PURSUANT TO SUB-SECTION (16) OF SECTION 169 OF THE COMPANIES ACT, 1965

I, PANG WEE SEE, the Director primarily responsible for the financial management of **BRITE-TECH BERHAD**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company as set out on pages 28 to 63 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared )  
by the abovenamed at Kuala Lumpur )  
in the State of Federal Territory )  
on this 20 day of April 2005 )

Before me,

**CHAN LEONG CHOI**  
Commissioner for Oaths  
No. W309

## STATEMENT OF DIRECTORS

### PURSUANT TO SUB-SECTION (15) OF SECTION 169 OF THE COMPANIES ACT, 1965

We, the undersigned, being two Directors of **BRITE-TECH BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements of the Group and of the Company as set out on pages 28 to 63 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004 and of the results of their operations and cash flows of the Group and of the Company for the year ended on that date.

On behalf of the Board,

**PANG WEE SEE**  
Director

**KAN KING CHOY**  
Director

Dated: 20 April 2005

## REPORT OF THE AUDITORS TO THE MEMBERS OF BRITE-TECH BERHAD

We have audited the financial statements as set out on pages 28 to 63. The preparation of the financial statements is the responsibility of the Company's Directors.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Company as at 31 December 2004 and of the results of the operations and cash flows of the Group and of the Company for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 3 to the financial statements, being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

**S.F. YAP & CO.**  
NO. AF 0055  
CHARTERED ACCOUNTANTS  
Kuala Lumpur,  
Dated: 20 April 2005

**YAP SEONG FATT**  
NO. 398 / 04 / 06 (J)  
CHARTERED ACCOUNTANT

## BALANCE SHEETS AS AT 31 DECEMBER 2004

	Notes	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>PROPERTY, PLANT AND EQUIPMENT</b>	2	14,511,339	14,795,840	79,009	29,084
<b>INVESTMENT IN SUBSIDIARY COMPANIES</b>	3	–	–	11,793,549	11,583,551
<b>INVESTMENT IN ASSOCIATED COMPANY</b>	4	–	–	–	–
<b>OTHER INVESTMENT</b>	5	20,000	20,000	–	–
<b>CURRENT ASSETS</b>					
Inventories	6	2,389,527	1,220,138	–	–
Trade receivables	7	5,975,487	6,020,532	–	–
Other receivables, deposits and prepayments	8	535,339	137,035	398,929	5,500
Tax recoverable		1,131,844	1,032,354	9,159	21,357
Amount due from subsidiary companies	9	–	–	9,758,462	10,637,735
Fixed deposits with licensed banks	26	8,548,116	9,615,021	2,004,463	1,804,463
Cash and bank balances	10	675,158	495,219	125,834	4,675
		19,255,471	18,520,299	12,296,847	12,473,730
<b>CURRENT LIABILITIES</b>					
Amount due to contract customers	11	13,016	63,876	–	–
Trade payables	12	1,401,127	1,622,329	–	–
Other payables and accruals	13	647,768	622,911	39,610	12,314
Borrowings	14	802,724	918,392	–	–
Provision for taxation		27,847	68,647	–	–
		2,892,482	3,296,155	39,610	12,314
<b>NET CURRENT ASSETS</b>		16,362,989	15,224,144	12,257,237	12,461,416
		30,894,328	30,039,984	24,129,795	24,074,051
<b>FINANCED BY</b>					
<b>SHARE CAPITAL</b>	15	15,000,000	15,000,000	15,000,000	15,000,000
<b>RESERVES</b>	16	13,667,837	12,649,646	9,126,425	9,073,579
<b>SHAREHOLDERS' EQUITY</b>		28,667,837	27,649,646	24,126,425	24,073,579
<b>MINORITY INTEREST</b>		49,495	–	–	–
<b>LONG TERM AND DEFERRED LIABILITIES</b>					
Deferred tax liabilities	17	275,304	214,889	3,370	472
Payable	18	737,482	842,774	–	–
Borrowings	14	1,164,210	1,332,675	–	–
		30,894,328	30,039,984	24,129,795	24,074,051

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

## INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
REVENUE	19	12,639,908	15,958,054	2,501,000	1,653,846
Cost of sales		(5,487,177)	(7,412,114)	–	–
GROSS PROFIT		7,152,731	8,545,940	2,501,000	1,653,846
Other operating income		149,372	191,770	–	–
Administrative and other operating expenses		(4,507,390)	(4,749,460)	(818,732)	(226,287)
PROFIT FROM OPERATIONS		2,794,713	3,988,250	1,682,268	1,427,559
Interest income		278,638	273,152	57,674	69,673
Finance costs		(121,841)	(158,305)	–	–
NET PROFIT BEFORE TAXATION	20	2,951,510	4,103,097	1,739,942	1,497,232
Taxation	23	(727,024)	(1,225,430)	(488,296)	(446,599)
NET PROFIT AFTER TAXATION		2,224,486	2,877,667	1,251,646	1,050,633
Minority interest		(7,495)	–	–	–
NET PROFIT FOR THE YEAR		2,216,991	2,877,667	1,251,646	1,050,633
EARNINGS PER ORDINARY SHARE (SEN)	24	1.48	1.92	0.83	0.70
DIVIDENDS PER ORDINARY SHARE (PAID IN SEN)	30	1.11	1.11	1.11	1.11

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2004

Note	Issued and fully paid ordinary shares of RM0.10 each RM	← Non- → distributable Share      Reserve on premium      consolidation RM              RM		Distributable retained profits RM	Total RM
<b>Group</b>					
	15,000,000	8,019,296	831,147	2,126,630	25,977,073
Goodwill on consolidation	31	–	–	(6,294)	(6,294)
Net profit for the year		–	–	2,877,667	2,877,667
Dividends paid in respect of financial year ended 31 December 2002	30	–	–	(1,198,800)	(1,198,800)
Balance as at 31 December 2003		15,000,000	8,019,296	824,853	3,805,497
Net profit for the year		–	–	2,216,991	2,216,991
Dividends paid in respect of financial year ended 31 December 2003	30	–	–	(1,198,800)	(1,198,800)
Balance as at 31 December 2004		15,000,000	8,019,296	824,853	4,823,688

Note	Issued and fully paid ordinary shares of RM0.10 each RM	Non- distributable Share premium RM	Distributable retained profits RM	Total RM
<b>Company</b>				
	15,000,000	8,019,296	1,202,450	24,221,746
Net profit for the year		–	1,050,633	1,050,633
Dividends paid in respect of financial year ended 31 December 2002	30	–	(1,198,800)	(1,198,800)
Balance as at 31 December 2003		15,000,000	8,019,296	1,054,283
Net profit for the year		–	1,251,646	1,251,646
Dividends paid in respect of financial year ended 31 December 2003	30	–	(1,198,800)	(1,198,800)
Balance as at 31 December 2004		15,000,000	8,019,296	1,107,129

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net profit before taxation		2,951,510	4,103,097	1,739,942	1,497,232
Adjustments for:					
Depreciation on property, plant and equipment		759,124	715,271	9,545	3,598
Gain on disposal of property, plant and equipment		(31,400)	(74,747)	–	–
Loss on disposal of property, plant and equipment		–	475	–	–
Property, plant and equipment written off		22,286	13,888	–	–
Interest income		(278,637)	(273,152)	(57,674)	(69,673)
Interest expenses		121,841	158,305	–	–
Bad debts written off		20,910	480,596	–	–
Allowance for doubtful debt		9,233	–	–	–
Bad debt recovered		(5,600)	(10,978)	–	–
Operating profit before changes in working capital		3,569,267	5,112,755	1,691,813	1,431,157
Changes in working capital					
Inventories		(15,068)	(194,430)	–	–
Receivables		(377,802)	(1,464,507)	485,844	(1,371,582)
Payables		(579,585)	379,334	27,296	561
Cash generated from operations		2,596,812	3,833,152	2,204,953	60,136
Interest paid		(121,841)	(158,305)	–	–
Income tax paid		(806,899)	(1,459,831)	(473,200)	(485,155)
Net cash from/(used in) operating activities		1,668,072	2,215,016	1,731,753	(425,019)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of subsidiary companies net of cash acquired	31	–	(6,294)	–	(6,300)
Interest received		278,637	273,152	57,674	69,673
Investment in subsidiary company		–	–	(209,998)	–
Purchase of property, plant and equipment	25	(1,466,730)	(1,772,849)	(59,470)	(3,016)
Proceeds from disposal of property, plant and equipment		32,000	97,200	–	–
Net cash from/(used in) investing activities		(1,156,093)	(1,408,791)	(211,794)	60,357
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		500,000	1,227,088	–	–
Repayment of borrowings		(657,428)	(835,577)	–	–
Dividend paid		(1,198,800)	(1,198,800)	(1,198,800)	(1,198,800)
Proceeds from issue of shares to minority interest		42,000	–	–	–
Net cash used in financing activities		(1,314,228)	(807,289)	(1,198,800)	(1,198,800)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		(802,249)	(1,064)	321,159	(1,563,462)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		10,025,523	10,026,587	1,809,138	3,372,600
CASH AND CASH EQUIVALENTS AT END OF YEAR	26	9,223,274	10,025,523	2,130,297	1,809,138

The annexed notes form an integral part of, and should be read in conjunction with these financial statements.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2004

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements.

### A. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified by the revaluation of certain land and buildings) unless otherwise indicated in this summary of significant accounting policies.

The financial statements comply with the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965.

The preparation of the financial statements in conformity with the applicable approved accounting standards and the provisions of the Companies Act, 1965 require the Directors to make estimates and assumptions that may affect the reported amount 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 financial year. Actual results could differ from those estimates.

### B. BASIS OF CONSOLIDATION

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies which have been prepared in accordance with the Group's accounting policies.

The subsidiary companies are consolidated using the acquisition method. Under the acquisition method, the results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the date on which control is transferred to the Group and are no longer consolidated from the date control ceases.

Goodwill or reserve on consolidation represents the difference between the acquisition cost of shares in the subsidiary companies and the fair value of attributable net assets acquired at the date of acquisition. Reserve on consolidation (net of goodwill arising on consolidation) is retained in the consolidated financial statements.

The gain or loss on disposal of a subsidiary company is the difference between the net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition and exchange differences.

All significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

### C. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts of property, plant and equipment are initially measured at cost. Land and buildings which have been subsequently revalued, are stated at valuation less accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Land and buildings are revalued at a regular interval of at least once in every five years.

Surplus arising from such valuations is credited to shareholders' equity as a revaluation surplus and any subsequent deficit is charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charged to the income statement.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated to write off the costs of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:-

	<b>Rate %</b>
Freehold buildings and leasehold land	1-2
Electrical fittings	5-10
Motor vehicles	10-25
Furniture & fittings, tools, office, store equipment & signboard	5-20
Laboratory, demo equipment, R & D equipment and machinery	10
Renovation	10-20

Depreciation on site equipment in progress and plant in progress commences when the assets are ready for their intended use.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, 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 F on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/ (loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

### D. INVESTMENTS

Investments in subsidiaries and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

#### (i) Subsidiary Companies

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

#### (ii) Associated Companies

An associated company is a company in which the Group and the Company have a long term equity interest and where the Group and the Company is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Company's investment in associated companies is stated at cost less impairment losses, if any.

Investment in associated companies are accounted for in the consolidated financial statements using the equity method. The Group's interests in associated companies are stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies. Equity accounting is discontinued when the carrying amount of the investment in the associated company reaches zero, unless the Group has incurred obligations or made payments on behalf of the associated companies.

The Group's share of results and reserves in the associated companies acquired or disposed of are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (iii) Other Investment

Investments in other non-current investments are stated at cost and an allowance for diminution is made where, in the opinion of the Directors, there is a decline other than temporary, in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/ credited to the income statement.

## E. GOODWILL ON CONSOLIDATION

Goodwill represents the excess of the cost of acquisition of subsidiaries and associates over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

The Group did not amortise the goodwill on consolidation. Goodwill is retained in the consolidated balance sheet and is stated at cost less any impairment losses. At each balance sheet date, the Group assesses whether there is any indication of impairment in goodwill. If such indication exist, the carrying amount of goodwill is assessed and will be written down to its recoverable amount.

## F. IMPAIRMENT OF ASSETS

The carrying amount of the Group's and Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. Recoverable amounts is the higher of net selling price and value in use.

An impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the assets. The impairment loss is charged to the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued assets where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

## G. INVENTORIES

Inventories comprising raw materials, finished goods and laboratory supplies are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items.

Cost is determined on a first-in-first-out basis and comprise purchase price plus cost incurred in bringing the inventories to present location.

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### H. RECEIVABLES

Receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the period end.

### I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash in hand, bank balances, fixed deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### J. AMOUNT DUE FROM/TO CONTRACT CUSTOMERS

Amount due from contract customers is the net amount of cost incurred for contracts in progress plus attributable profit less progress billings and anticipated losses, if any. Contract cost incurred to date include:-

- i) Costs directly related to the contract;
- ii) Costs attributable to contract activity in general and can be allocated to the contract; and
- iii) Other costs specifically chargeable to the customers under the terms of the contract.

Where progress billings exceed cost incurred plus attributable profit less foreseeable losses, the net credit balance on all such contracts is shown as amounts due to contract customers.

### K. FINANCE LEASE

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the estimated present value of the underlying lease payments at the date of inception. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of financial charges, are included in borrowings. The interest element of the finance charged to the income statement over the lease period.

Property, plant and equipment acquired under finance lease contracts is depreciated over the useful life of the asset in line with the Group's accounting policy for property, plant and equipment. If there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### L. INCOME TAXES

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowance.

A deferred tax asset is recognised only to the extent that is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

### M. REVENUE RECOGNITION

#### (i) Trading income

Revenue from sales of goods are recognised upon delivery of products and customer acceptance, if any, or performance of services, and after eliminating sales within the Group.

#### (ii) Contract income

Revenue from contract income is recognised based on percentage of completion method over the period of contract for all systems integration projects where a fixed contract sum has been agreed up front. Full provision is made for foreseeable losses, if any.

#### (iii) Dividend income

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

#### (iv) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

#### (v) Management fee

Management fee is recognised on an accrual basis when service is rendered.

### N. DIVIDENDS

Dividends on ordinary shares are recognised as liabilities when shareholders' right to receive the dividends is established.

### O. FOREIGN CURRENCIES

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at transaction dates. Outstanding balances as at the financial year end are reported at rates then ruling, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising therefrom are charged or credited to the income statement.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### **P. FINANCIAL INSTRUMENTS**

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **Q. SEGMENT REPORTING**

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

### **R. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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 circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

### 1. GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services to subsidiary companies. The principal activities of the subsidiary companies are described in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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

The address of the registered office of the Company is 2nd Floor, No. 17 & 19, Jalan Brunei Barat, Pudu, 55100 Kuala Lumpur, Malaysia.

The address of the principal place of business of the Company is Lot 14 (PT 5015), Jalan Pendamar 27/90, Seksyen 27, 40000 Shah Alam, Malaysia.

The financial statements are presented in Ringgit Malaysia.

### 2. PROPERTY, PLANT AND EQUIPMENT

i) Group 2004	Balance as at 1 January RM	Additions RM	Disposals RM	Written off RM	Reclas- sification RM	Balance as at 31 December RM
<b>Cost unless otherwise stated</b>						
Freehold land & buildings						
- at cost	1,196,841	620,765	-	-	-	1,817,606
- at valuation	6,470,001	-	-	-	-	6,470,001
Leasehold land (long term)						
- at cost	2,104,366	63	-	-	-	2,104,429
- at valuation	815,000	-	-	-	-	815,000
Motor vehicles	2,798,650	340,715	(90,734)	(6,650)	-	3,041,980
Furniture & fittings, laboratory, office, store equipment & signboard	3,253,541	317,378	-	(78,751)	-	3,492,168
Demo equipment, R & D equipment, machinery	107,316	184,000	-	-	-	291,316
Plant in progress & site equipment in progress	1,199,321	-	-	-	(1,154,321)	45,000
Electrical fittings	49,468	10,500	-	-	-	59,968
Renovation	229,055	178,410	-	-	-	407,465
	<b>18,223,559</b>	<b>1,651,830</b>	<b>(90,734)</b>	<b>(85,401)</b>	<b>(1,154,321)</b>	<b>18,544,933</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Balance as at 1 January RM	Charge for the financial year RM	Disposals RM	Written off RM	Reclas- sification RM	Balance as at 31 December RM
<b>Accumulated depreciation</b>						
Freehold land & buildings						
- at cost	35,905	11,968	-	-	-	47,873
- at valuation	169,562	66,743	-	-	-	236,305
Leasehold land (long term)						
- at cost	35,073	35,075	-	-	-	70,148
- at valuation	18,350	8,150	-	-	-	26,500
Motor vehicles	1,110,432	268,426	(90,134)	(4,988)	-	1,283,736
Furniture & fittings, laboratory, office, store equipment & signboard	1,831,029	298,208	-	(58,127)	-	2,071,110
Demo equipment, R & D equipment, machinery	32,646	29,132	-	-	-	61,778
Electrical fittings	30,045	4,864	-	-	-	34,909
Renovation	164,677	36,558	-	-	-	201,235
	3,427,719	759,124	(90,134)	(63,115)	-	4,033,594

### ii) Company

2004	Balance as at 1 January RM	Additions RM	Disposals RM	Balance as at 31 December RM
<b>Cost unless otherwise stated</b>				
Furniture & fittings, laboratory, office & store equipment	8,430	24,206	-	32,636
Renovation	27,548	35,264	-	62,812
	35,978	59,470	-	95,448
	Balance as at 1 January RM	Charge for the financial year RM	Disposals RM	Balance as at 31 December RM
<b>Accumulated depreciation</b>				
Furniture & fittings, laboratory, office & store equipment	1,608	3,264	-	4,872
Renovation	5,286	6,281	-	11,567
	6,894	9,545	-	16,439



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Net book value</b>				
Freehold land & buildings				
- at cost	1,769,733	1,160,936	-	-
- at valuation	6,233,696	6,300,439	-	-
Leasehold land (long term)				
- at cost	2,034,281	2,069,293	-	-
- at valuation	788,500	796,650	-	-
Motor vehicles	1,758,244	1,688,218	-	-
Furniture & fittings, laboratory, office, store equipment & signboard	1,421,058	1,422,512	27,764	6,822
Demo equipment, R & D equipment, machinery	229,538	74,670	-	-
Plant in progress & site equipment in progress	45,000	1,199,321	-	-
Electrical fittings	25,059	19,423	-	-
Renovation	206,230	64,378	51,245	22,262
	<b>14,511,339</b>	<b>14,795,840</b>	<b>79,009</b>	<b>29,084</b>

The freehold land and buildings and the leasehold land of the Group were revalued based on independent valuation reports dated 15 May 2001 carried out by Messrs Colliers, Jordan Lee & Jaafar Sdn. Bhd., Colliers, Jordan Lee & Jaafar (S) Sdn. Bhd., Colliers, Jordan Lee & Jaafar (PG) Sdn. Bhd. and Colliers, Jordan Lee & Jaafar (JH) Sdn. Bhd., registered independent firms of professional valuers, where the properties were valued using the fair value market basis.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been as follows:-

Group	Cost RM	Accumulated depreciation RM	Net book value RM
<b>2004</b>			
Freehold land & buildings	4,863,583	291,072	4,572,511
Leasehold land	204,980	12,299	192,681
	<b>5,068,563</b>	<b>303,371</b>	<b>4,765,192</b>
<b>2003</b>			
Freehold land & buildings	4,822,795	245,550	4,577,245
Leasehold land	204,980	10,249	194,731
	<b>5,027,775</b>	<b>255,799</b>	<b>4,771,976</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### Details of assets under finance lease agreements:-

	Group	
	2004 RM	2003 RM
Motor vehicles		
- additions during the year	263,139	-
- net book value at year end	1,472,528	1,495,323
Laboratory equipment		
- net book value at year end	-	196,200
 <u>Net book value of assets pledged as security for bank borrowings:-</u>		
Freehold land and buildings	895,586	914,986

### 3. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2004 RM	2003 RM
Unquoted shares- at cost	11,793,549	11,583,551

The subsidiary companies which are incorporated in Malaysia, are as follows:-

Name of Company	Effective interest		Principal activities
	2004	2003	
Brite-Tech Corporation Sdn. Bhd.	100%	100%	To provide a complete range of services and products in the field of water treatment, pollution control and fuel treatment as well as engineered and formulated chemical products for water clarification, wastewater treatment, minimizing wastewater sludge generation, steam generation system and cooling water system.
Hooker Chemical Sdn. Bhd.	100%	100%	To provide consultation, environmental impact studies, engineering design, construction, installation and commissioning of water purification, recycling and wastewater treatment systems.
Rank Chemical Sdn. Bhd.	100%	100%	To provide rental of portable ion-exchange resin columns and supply of institutional housekeeping chemicals, industrial maintenance chemicals and hotel amenities.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Name of Company	Effective interest		Principal activities
	2004	2003	
Spectrum Laboratories Sdn. Bhd.	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.
Spectrum Laboratories (Penang) Sdn. Bhd.  (The Company holds 70.24% direct interest in Spectrum Laboratories (Penang) Sdn. Bhd., the remaining 29.76% is held indirectly through subsidiary Spectrum Laboratories Sdn. Bhd.)	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.
Spectrum Laboratories (Johore) Sdn. Bhd.  (The Company holds 70.64% direct interest in Spectrum Laboratories (Johore) Sdn. Bhd., 14.68% is held indirectly through Brite-Tech Corporation Sdn. Bhd. and the remaining 14.68% is held indirectly through Hooker Chemical Sdn. Bhd.)	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.
* Brite-Tech (Sabah) Sdn. Bhd.	83.33%	100%	To provide integrated services in water and wastewater treatment, supply of water treatment related chemicals, treatment systems and equipment, supply of industrial and institutional chemicals, analytical laboratory and environmental monitoring services and other related business.
* Renown Orient Sdn. Bhd.	100%	-	To provide general trading, investment holdings, ater treatment services and other related business. The Company has not commenced business operation since its incorporation date.
* Brite-Tech Ventures Sdn. Bhd. (Formerly known as Renown Smart Sdn. Bhd.)	100%	100%	To provide general trading, investment holdings, water treatment services and other related business. The Company has not commenced business operation since its incorporation date.
<b>Subsidiary company of Brite-Tech Corporation Sdn. Bhd.</b>			
Cybond Chemical Sdn. Bhd.	100%	100%	To provide water treatment chemicals and provide other related services.

\* Companies not audited by S.F. Yap & Co.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

In the previous financial year, the Company acquired the following subsidiary companies:-

1. 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Brite-Tech (Sabah) Sdn. Bhd. (Formerly known as Chance Technology Sdn. Bhd.) for a total cash consideration of RM2,100.

During the year, Brite-Tech (Sabah) Sdn. Bhd. issued an additional 209,998 ordinary share of RM1.00 each to the Company.

2. 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Renown Orient Sdn. Bhd. for a total cash consideration of RM2,100.
3. 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Renown Smart Sdn. Bhd. for a total cash consideration of RM2,100.

Goodwill on acquisition arising on these acquisitions amounting to RM6,294 have been accounted for using the acquisition method of accounting effective from January 2003.

The effect on these acquisitions on the financial results of the Group in the previous financial year is as follows:-

	<b>GROUP 2003 RM</b>
Revenue	148,844
Operating costs	(181,756)
Loss before tax	(32,912)
Tax expense	(4,100)
Decrease in Group net profit	(37,012)

The effect of these acquisitions on the financial position of the Group at the end of the previous financial year is as follows:-

	<b>RM</b>
Property, plant and equipment	2,157,237
Inventories	119,921
Trade receivables	140,744
Other receivables, deposits and prepayments	400
Cash and bank balances	59,870
Trade payables	(44,928)
Other payables and accruals	(112,027)
Long term payable	(842,774)
Deferred tax liabilities	(4,100)
Increase in Group net assets	1,474,343

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. INVESTMENT IN ASSOCIATED COMPANY

The detail of the associated company which is incorporated in Malaysia is as follow:-

Name of Company	Effective interest		Principal activities
	2004	2003	
Hooker Chemical (Johore) Sdn. Bhd.	19%	19%	Dealing with water and wastewater treatment system. It has ceased business on 1 June 2001.

Recognition of further losses is discontinued for investment in Hooker Chemical (Johore) Sdn. Bhd. as the Group's share of losses exceeds the carrying amount of the investment, as follows:-

	Group	
	2004 RM	2003 RM
Investment at cost	11,400	11,400
Share of losses	(14,217)	(13,828)
	(2,817)	(2,428)

### 5. OTHER INVESTMENT

	Group	
	2004 RM	2003 RM
Unit trust- at cost	20,000	20,000
Market value	24,958	21,531

### 6. INVENTORIES

	Group	
	2004 RM	2003 RM
<u>At cost</u>		
Laboratory supplies	144,254	131,937
Raw materials	868,285	751,512
Finished goods	1,376,988	336,689
	2,389,527	1,220,138

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. TRADE RECEIVABLES

	Group	
	2004 RM	2003 RM
Trade receivables	6,182,960	6,224,372
Less: Allowance for doubtful debts	(207,473)	(203,840)
	5,975,487	6,020,532

The Group's and the Company's normal credit term is 90 to 120 days. Other credit terms are assessed and approved on a case by case basis. The Group and the Company has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

### 8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other receivables	459,128	69,913	395,429	2,000
Deposits	66,333	56,622	3,500	3,500
Prepayments	9,878	10,500	-	-
	535,339	137,035	398,929	5,500

### 9. AMOUNT DUE FROM SUBSIDIARY COMPANIES

The amount due from subsidiary companies represent advances which are unsecured, interest-free and have no fixed terms of repayment.

### 10. CASH AND BANK BALANCES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash in hand	38,230	15,058	5,692	-
Cash at bank	636,928	480,161	120,142	4,675
	675,158	495,219	125,834	4,675

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. AMOUNT DUE TO CONTRACT CUSTOMERS

	Group	
	2004 RM	2003 RM
Aggregate costs incurred to date	575,706	817,405
Add: Attributable profits	317,918	501,419
	893,624	1,318,824
Less: Progress billings	(906,640)	(1,382,700)
	(13,016)	(63,876)

### 12. TRADE PAYABLES

	Group	
	2004 RM	2003 RM
Trade payables	1,401,127	1,622,329

The credit terms of trade payables granted to the Group range from 60 to 90 days.

The foreign currency exposure of the trade payables of the Group are as follows:-

	Group	
	2004 RM	2003 RM
US Dollar	48,610	57,652
Euro Currency	-	9,494
Singapore Dollar	-	3,282

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 13. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other payables	156,852	119,792	-	-
Accruals	451,372	478,619	39,610	12,314
Deposits received	39,544	24,500	-	-
	647,768	622,911	39,610	12,314

Included in other payables of the Group is an amount of RM105,354 due to a third party for the acquisition of the leasehold land at the cost of RM2,104,366 in the previous year. Under the sales and purchase agreement, an amount of RM737,482 (2003:RM842,774) is repayable later than 1 year and not later than 5 years. (Note 18)

The foreign currency exposure of the other payables of the Group are as follows:-

	Group	
	2004 RM	2003 RM
US Dollar	14,438	14,438

### 14. BORROWINGS

	Group	
	2004 RM	2003 RM
<b>Current liabilities</b>		
<u>Secured</u>		
Bank overdraft	-	84,717
Bill payable	-	227,088
Finance lease liabilities	309,683	289,906
Term loans	493,041	316,681
	802,724	918,392
<b>Long term liabilities</b>		
<u>Secured</u>		
Finance lease liabilities	687,131	827,999
Term loans	477,079	504,676
	1,164,210	1,332,675



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Group	
	2004 RM	2003 RM
<b>Total borrowings</b>		
Bank overdraft	–	84,717
Bill payable	–	227,088
Finance lease liabilities	996,814	1,117,905
Term loans	970,120	821,357
	1,966,934	2,251,067

	Group	
	2004 %	2003 %
Interest rates on the above are as follows:-		
Bank overdraft	7.50 – 8.00	8.15
Trust receipts	7.50 non-interest bearing	
Finance lease liabilities	6.24–10.70	7.07 – 10.95
Term loans	4.00–5.00	5.00

The banking facilities of the Group comprise term loan, bank overdraft, trade financing facilities, performance guarantee, and financial guarantee which are secured by:-

- legal charge over the Group's freehold land and buildings.
- corporate guarantee by Brite-Tech Berhad.

### **FINANCE LEASE LIABILITIES**

	Group	
	2004 RM	2003 RM
Minimum lease payment		
- not later than one year	358,560	360,959
- later than one year and not later than five years	752,352	920,215
	1,110,912	1,281,174
Less: Future interest charges	(114,098)	(163,269)
Present value of finance lease liabilities	996,814	1,117,905
Repayable as follows:-		
Current liabilities		
- not later than one year	309,683	289,906
Long term liabilities		
- later than one year and not later than five years	687,131	827,999
	996,814	1,117,905

There is no finance lease liabilities later than five years.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### TERM LOAN – SECURED

	Group	
	2004 RM	2003 RM
Term loan repayable by thirty six equal monthly instalments of RM14,925 each commencing 1 November 2004	475,107	–
Term loan repayable by thirty six equal monthly instalments of RM30,006 each commencing 28 April 2003	495,013	821,357
	970,120	821,357
Repayable as follows:-		
Current liabilities		
- not later than one year	493,041	316,681
Long term liabilities		
- later than one year and not later than five years	477,079	504,676
- later than five years	–	–
	970,120	821,357

### 15. SHARE CAPITAL

	Group and Company	
	2004 RM	2003 RM
Ordinary shares of RM0.10 each:-		
Authorised	25,000,000	25,000,000
Issued and fully paid	15,000,000	15,000,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 16. RESERVES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-distributable:-				
Reserve on consolidation	824,853	824,853	–	–
Share premium reserve	8,019,296	8,019,296	8,019,296	8,019,296
	8,844,149	8,844,149	8,019,296	8,019,296
Distributable:-				
Unappropriated profit	4,823,688	3,805,497	1,107,129	1,054,283
	13,667,837	12,649,646	9,126,425	9,073,579

### 17. DEFERRED TAX LIABILITIES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At beginning of financial year	214,889	177,421	472	428
Recognised in the income statement	60,415	37,468	2,898	44
At end of financial year	275,304	214,889	3,370	472

The deferred tax liabilities are made up of the following:-

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Property, plant and equipment				
- Capital allowance in excess of depreciation	214,487	153,431	3,370	472
Revaluation surplus	118,666	118,666	–	–
	333,153	272,097	3,370	472
General allowance for doubtful debts	(57,849)	(57,208)	–	–
	275,304	214,889	3,370	472

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 18. LONG TERM PAYABLE

	Group	
	2004 RM	2003 RM
Repayable within one year (included in the other payables and accruals - Note 13)	105,354	105,354
Repayable later than 1 year and not later than 5 years	737,482	842,774
	842,836	948,128

In the previous financial year, the Group purchased the leasehold land at the cost of RM2,104,366. Under the sale and purchase agreement, an amount of RM737,482 ( 2003: RM842,774) is repayable later than 1 year and not later than 5 years.

### 19. REVENUE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Management fee receivables	-	-	836,000	24,000
Dividend received and receivables	-	-	1,665,000	1,629,846
Contract fees	1,051,849	5,442,488	-	-
Trading sales and services	11,588,059	10,515,566	-	-
	12,639,908	15,958,054	2,501,000	1,653,846

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. NET PROFIT BEFORE TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Net profit before taxation is arrived at after charging:-				
Allowance for doubtful debts	9,233	-	-	-
Auditors' remuneration	32,200	31,200	1,500	1,500
Bad debts written off	20,910	480,596	-	-
Depreciation on property, plant & equipment	759,124	715,271	9,545	3,598
Directors' remuneration:-				
- salaries	547,200	488,952	547,200	-
- fees	13,200	56,400	13,200	15,600
- bonus	-	38,184	-	-
- benefit-in-kind	-	22,308	-	-
Interest expenses:-				
- Finance lease interest	76,206	92,972	-	-
- Bank overdraft interest	5,183	6,984	-	-
- Term loan interest	38,685	48,184	-	-
- Late payment interest	152	949	-	-
- LC charges & TR interest	1,615	9,216	-	-
Loss on foreign currency exchange	-	3,974	-	-
Loss on disposal of property, plant & equipment	-	475	-	-
Property, plant & equipment written off	22,286	13,888	-	-
Rental of premises	25,860	15,836	-	-
Rental of equipment	3,838	1,418	-	-
Rental of motor vehicle	250	1,185	-	-
Rental of electricity & boat	475	1,396	-	-
And crediting:-				
Compensation	5,600	1,117	-	-
Bad debts recovered	5,600	10,978	-	-
Dividend received	-	-	1,665,000	1,629,846
Gain on disposal of property, plant & equipment	31,400	74,747	-	-
Gain on currency exchange	-	181	-	-
Interest income received from:-				
Fixed deposit interest	278,409	271,457	57,674	69,673
Other interest	228	1,695	-	-
Management fee receivables	-	-	836,000	24,000
Rental received	90,722	85,120	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 21. NUMBER OF EMPLOYEES AND STAFF COSTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Number of employees, including executive directors, at the end of the financial year	96	97	4	1
Staff costs for the financial year	2,926,731	2,715,266	647,990	45,316

### 22. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-executive Directors:				
- fees	13,200	15,600	13,200	15,600
Executive Directors:				
- salaries	547,200	488,952	547,200	-
- fees	-	40,800	-	-
- bonus	-	38,184	-	-
- benefit in kind	-	22,308	-	-
	560,400	605,844	560,400	15,600

### 23. TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current tax based on profit for the financial year:-				
Malaysian income tax	677,244	1,176,093	488,000	440,000
Deferred tax	60,415	37,468	2,898	44
Under/(over) provision of taxation in prior years	(10,635)	11,869	(2,602)	6,555
	727,024	1,225,430	488,296	446,599

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

With effect from year of assessment 2004, chargeable income of certain subsidiary companies (being residents in Malaysia with paid up capital of less than RM2.5 million) are taxed at the following rates:

On the first RM500,000 : 20%  
In excess of RM500,000 : 28%

In the previous financial year 2003, chargeable income of certain subsidiary companies (being residents in Malaysia with paid up capital of less than RM2.5 million) are taxed at the following rates:

On the first RM100,000 : 20%  
In excess of RM100,000 : 28%

Income tax expense for the Company is calculated based on the statutory income tax rate of Malaysia at 28% (2003: 28%) of the estimated taxable profit for the financial year.

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:-

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit before taxation ("PBT")	2,951,510	4,103,097	1,739,942	1,497,232
Tax expense	727,024	1,225,430	488,296	446,599
	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Average applicable tax rate	28.0	28.0	28.0	28.0
Taxation savings at the statutory tax rates of 20% on PBT	(7.3)	(1.3)	–	–
Balancing charge/ (balancing allowance) on property, plant and equipment disposed/ written off	0.2	0.5	–	–
(Over)/under provision of income tax expenses in prior year	(0.4)	0.3	(0.2)	0.4
Deferred taxation	2.0	0.9	0.2	–
Tax effects on income not subject to tax	(0.2)	(0.6)	–	–
Tax effects on non-deductible expenses	7.4	5.8	0.3	1.4
Tax effects on lease rental	–	(0.6)	–	–
Utilisation of capital allowances	(5.1)	(3.1)	(0.2)	–
Effective tax rate	24.6	29.9	28.1	29.8

As at 31 December 2004, the Company has sufficient tax credits under Section 108(6) of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained profits as at 31 December 2004.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. EARNINGS PER ORDINARY SHARES

Basic earnings per ordinary share:-

The basic earnings per ordinary share has been calculated based on the net profit attributable to ordinary shareholders by the number of ordinary shares in issue during the financial year.

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Net profit attributable to ordinary shareholders	2,216,991	2,877,667	1,251,646	1,050,633
Issued ordinary shares	150,000,000	150,000,000	150,000,000	150,000,000
Basic earnings per share (sen)	1.48	1.92	0.83	0.70

### 25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:-

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Purchase of property, plant and equipment (Note 2)	1,651,830	2,720,977	59,470	3,016
Financed by finance lease arrangement	(185,100)	-	-	-
Included in payables (Note 18)	-	(948,128)	-	-
Cash payments on purchase of property, plant and equipment	1,466,730	1,772,849	59,470	3,016



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:-

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash and bank balances (Note 10)	675,158	495,219	125,834	4,675
Fixed deposits with licensed banks	8,548,116	9,615,021	2,004,463	1,804,463
Bank overdraft (Note 14)	9,223,274	10,110,240	2,130,297	1,809,138
	-	(84,717)	-	-
	9,223,274	10,025,523	2,130,297	1,809,138

### 27. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure. No geographical segmental information is presented as the business segments are principally operated in Malaysia only.

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length transactions. These transfers are eliminated on consolidation.

The Group comprises the following main business segments:

Environmental products and services

To provide a complete range of services and products in the field of water treatment as well as engineered and formulated chemical products for water and wastewater treatment; and to provide analytical laboratory and environmental monitoring services.

System equipment and ancillary products

To provide consultation, engineering design, construction, installation and commissioning of water purification, water recycling and wastewater treatment systems; and to provide rental of portable ion-exchange resin columns as well as supply of chemicals and consumer products.

Investments

Investments, management and other operations which are not sizeable to be reported separately.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Segmental turnover, profit before taxation and the assets employed are as follows:-

**2004  
Group**

**Primary reporting - Business segments**

	<b>Environmental products &amp; services RM</b>	<b>System equipment &amp; ancillary products RM</b>	<b>Investments RM</b>	<b>Eliminations RM</b>	<b>Consolidated RM</b>
<b>REVENUE</b>					
External revenue	5,982,159	6,657,749	-	-	12,639,908
Inter-segment revenue	1,191,126	146,505	2,383,468	(3,721,099)	-
<b>Total revenue</b>	<b>7,173,285</b>	<b>6,804,254</b>	<b>2,383,468</b>	<b>(3,721,099)</b>	<b>12,639,908</b>
<b>RESULT</b>					
Segment results (external)	2,072,060	757,470	(31,853)		2,797,677
Interest income	146,357	74,607	57,674		278,638
Finance costs	(42,732)	(82,073)	-		(124,805)
<b>Profits before taxation</b>					<b>2,951,510</b>
Tax expenses					(727,024)
Minority interest					(7,495)
<b>Net profit for the year</b>					<b>2,216,991</b>
<b>OTHER INFORMATION</b>					
Segment assets	15,218,354	12,703,410	4,733,202		32,654,966
Segment liabilities	1,192,629	2,652,463	921,235		4,766,327
Capital expenditure	253,709	1,338,587	59,534		1,651,830
Depreciation	427,731	286,773	44,620		759,124
Non-cash expenses other than depreciation	22,286	30,143	-		52,429

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2003  
Group

### Primary reporting - Business segments

	Environmental products & services RM	System equipment & ancillary products RM	Investments RM	Eliminations RM	Consolidated RM
<b>REVENUE</b>					
External revenue	6,447,647	9,510,407	–	–	15,958,054
Inter-segment revenue	689,271	116,162	1,653,846	(2,459,279)	–
Total revenue	7,136,918	9,626,569	1,653,846	(2,459,279)	15,958,054
<b>RESULT</b>					
Segment results (external)	2,206,133	2,031,540	(249,423)		3,988,250
Interest income	129,285	74,194	69,673		273,152
Finance costs	(57,519)	(100,786)	–		(158,305)
Profits before taxation					4,103,097
Tax expenses					(1,225,430)
Net profit after taxation for the year					2,877,667
<b>OTHER INFORMATION</b>					
Segment assets	16,156,701	12,234,065	3,913,019		32,303,785
Segment liabilities	1,447,476	2,993,076	962,405		5,402,957
Capital expenditure	365,844	247,751	2,107,382		2,720,977
Depreciation	459,425	217,175	38,671		715,271
Non-cash expenses other than depreciation	20,133	474,826	–		494,959

Turnover and profit before tax for investment mainly relates to dividend income received by the Company from its subsidiary companies. The amount is set-off in inter-company adjustments.

The comparative figures for segmental information have been reclassified to conform with the current year presentation. Accordingly, the figures for Water treatment chemicals and Laboratories are now grouped under Environmental products & services business segment, and the figures for System equipment and Ancillary products are now grouped under System equipment & ancillary products business segment.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28. SIGNIFICANT INTERCOMPANY AND RELATED PARTY DISCLOSURE

The Group have related parties relationships with its subsidiary companies and associated companies.

The related party transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

### 29. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2004 RM	2003 RM
Corporate guarantees given to financial institutions for finance lease facilities granted to subsidiary companies	1,408,000	1,442,200
Corporate guarantees given to financial institutions for banking facilities granted to subsidiary companies	13,210,000	12,850,000
Corporate guarantees in favour of suppliers as security for goods supplied to a subsidiary company	80,000	80,000
	14,698,000	14,372,200

#### Material Litigation

The Directors are of the opinion that the possibility of any outflow in settlement arising from the following litigations are remote based on legal opinion obtained. Nevertheless, disclosures are made as follow:-

The Company received a High Court Summon dated 5th December 2002 naming the Company as the 5th defendant in a legal suit between the plaintiff and the substantial shareholders of the Company namely, Pang Wee See, Tan Boon Kok, Chan Ah Kien and Kan King Choy (as the 1st to 4th defendants). The plaintiff who was a former director and shareholder of the subsidiary companies of the Company, Brite-Tech Corporation Sdn. Bhd., Rank Chemical Sdn. Bhd., Hooker Chemical Sdn. Bhd. and Spectrum Laboratories Sdn. Bhd. is claiming for restitution and recovery of sale of shares and to avoid the four sale of share agreement dated 22 June 1999 in respect of the plaintiff's share in the abovementioned companies to the 1st, 2nd, 3rd and 4th defendant.

Notwithstanding that the Company was not incorporated at the material time, the Company has been included as the 5th defendant on the grounds that the 5th defendant had actual or imputed a constructive knowledge of the matters and circumstances vitiating the sale and purchase transactions between the plaintiff and the 1st to the 4th defendant.

The solicitors of the Company has advised that the plaintiff has no ground of action in citing the Company and the claim by the plaintiff against the Company is without basis.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30. DIVIDENDS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Final dividends of 1.11 sen per share less income tax at 28% paid in respect of the financial year ended 31st December 2003 (2003 : final dividends of 1.11 sen per share less income tax at 28% paid in respect of the financial year ended 31st December 2002)	1,198,800	1,198,800	1,198,800	1,198,800

The Directors proposed a final gross dividend on ordinary shares of 1.11 sen per share, less tax, amounting to RM1,198,800 in respect of the financial year ended 31 December 2004 subject to approval of the members at the forthcoming Annual General Meeting.

### 31. ACQUISITION OF SUBSIDIARY COMPANIES

In the previous financial year, the Group acquired Brite-Tech (Sabah) Sdn. Bhd. (formerly known as Chance Technology Sdn. Bhd.), Renown Orient Sdn. Bhd., and Renown Smart Sdn. Bhd.. The fair value of the assets acquired and the liabilities assumed are as follows:-

	Group 2003 RM
Cash and bank balances	6
Net assets acquired	6
Goodwill on consolidation	6,294
Total purchase consideration	6,300
Less : Cash and cash equivalents of subsidiary companies acquired	(6)
Cash flow on acquisition net of cash acquired	6,294

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 32. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy for managing each of these risks are set out as follows:

**(a) Foreign currency risk**

The Group incur foreign currency risk on the sales, purchases and investments that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk is primarily the US dollars, Singapore dollars and Euro Currency.

Given the governments' peg at present, no hedging is done on transactions denominated in US dollar. In respect of other currencies, the Group plans in advance the cash flows denominated in the same currency in order to match the receivables and the payables in the same currency, any unmatched balance will then be hedged by forward foreign currency contracts. The combination of matching technique and forward foreign currency contracts aims to effectively hedge the Group's exposure to exchange rates fluctuation while maintaining the hedging cost to the minimal.

The Group and the Company did not have any open forward contracts at the financial year end.

**(b) Interest rate risk**

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates and the effective interest rates of financial assets and financial liabilities are follows:

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM	Effective interest rate during the year %
<b>Group</b>					
<b>2004</b>					
<u>Financial Assets</u>					
Deposits with licensed banks	8,548,116	–	–	8,548,116	3.04
<u>Financial Liabilities</u>					
Financial lease liabilities	309,683	687,131	–	996,814	6.42 - 11.24
Term loan	493,041	477,079	–	970,120	4.07 - 5.12
<b>Company</b>					
<b>2004</b>					
<u>Financial Assets</u>					
Deposits with licensed bank	2,004,463	–	–	2,004,463	3.04

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM	Effective interest rate during the year %
<b>Group</b>					
<b>2003</b>					
<u>Financial Assets</u>					
Deposits with licensed banks	9,615,021	–	–	9,615,021	3.04 - 3.25
<u>Financial Liabilities</u>					
Bank overdraft	84,717	–	–	84,717	8.46
Bill payables	227,088	–	–	227,088	non-interest bearing
Finance lease liabilities	289,906	827,999	–	1,117,905	7.30 - 11.52
Term loan	316,681	504,676	–	821,357	5.12
<b>Company</b>					
<b>2003</b>					
<u>Financial Assets</u>					
Deposits with licensed banks	1,804,463	–	–	1,804,463	3.25

### (c) Credit risk

Cash deposits, trade and other receivables may expose the Group to credit risk. Such risk is effectively managed through the application of credit limits, regular monitoring and review of the financial standing of the Group's counter parties, with reference to published credit ratings by prime financial institutions. In the absence of publication ratings, an internal credit review or company background search is conducted if the credit risk is deemed in existence.

The Group's cash deposits are placed with major financial institutions in Malaysia with excellent credit ratings.

The Company has given corporate guarantees to its Subsidiaries for banking facilities and security of goods (see Note 29). In view of the stability of the Subsidiaries' financial position, the Directors are confident that such credit risk is minimal.

At the balances sheet date, the Group had no significant concentrations of credit risks.

The maximum exposures to credit risk are represented by the carrying amounts shown in the balance sheet.

### (d) Market risk

The Group has minimal exposure to market risk as its investment is mainly on quoted security, which is not substantial.

The Group's exposure to risk from changes in market price of the quoted securities is set out in Note 32 (f) as below.

### (e) Liquidity and cash flow risks

The Group practices prudent liquidity risk management by cautiously and effectively managing its debt maturity profiles and operating cash flows; at the same time maintaining sufficient cash balances and availability of funding through committed banking facilities so as to ensure all operating, investing and financing obligations are met.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(f) **Fair values**

The carrying amounts of financial instruments of the Group and the Company at the balance sheet date approximated their fair value except as set out below:

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>2004</b>				
<u>Financial Assets</u>				
Other investment	20,000	24,958	-	-
<b>2003</b>				
<u>Financial Assets</u>				
Other investment	20,000	21,531	-	-

The following method and assumption is used to estimate the fair value of each class of financial instrument:

- Other investment

The fair values of quoted security is estimated based on quoted market prices.

### 33. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- a) On 20 September 2004, the Company entered into a conditional Share Sale Agreement (“SSA”) with the shareholders of Sincere United Sdn. Bhd. (“SUSB”) for the proposed acquisition of 70% equity interest in SUSB for a cash consideration of RM4,125,000. The Proposed SUSB acquisition was completed on 15 January 2005 and following this, SUSB is now a 70% owned subsidiary of the Company.
- b) On 22 September 2004, a new wholly-owned foreign subsidiary in Jinzhou, Liaoning Province in the People’s Republic of China, Brite -Tech (Jinzhou) Co., Ltd. (“BTJ”) was incorporated with registered capital of USD1,500,000. BTJ is held through the Company’s subsidiary in Malaysia, namely Brite-Tech Ventures Sdn. Bhd. (formerly known as Renown Smart Sdn. Bhd.). As at the date of this report, BTJ has not commenced operations as the Company is still in the midst of discussion with its counterpart in China.
- c) On 12 April 2005, the Company entered into a conditional Share Sale Agreement (“SSA”) with the shareholder of Tan Tech-Polymer Sdn. Bhd. (“TTP”) for the proposed acquisition of 60% equity interest in TTP for a cash consideration of RM2,800,000. The completion of the SSA will take place upon execution of the SSA or such other earlier date as mutually agreed by in writing by the Company and TTP and following this, TTP will be a 60% owned subsidiary of the Company.



## STATISTIC OF SHAREHOLDINGS AS AT 26 MAY 2005

Authorised Share Capital	:	RM25,000,000
Issued & Fully Paid-up Share Capital	:	RM15,000,000
Class of Shares	:	Ordinary Share of RM0.10 each
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	499

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of Issued share capital
Less than 100 shares	3	0.60	120	0.00
100 - 999	55	11.02	11,500	0.01
1,000 - 4,999	193	38.68	379,500	0.25
5,000 - 10,000	87	17.43	616,200	0.41
10,001 - 100,000	102	20.44	3,592,600	2.39
100,000 - 1,000,000	45	9.02	14,951,116	9.97
Above 1,000,000 shares	14	2.81	130,448,964	86.97
	499	100.00	150,000,000	100.00

### SUBSTANTIAL SHAREHOLDERS

Name Of Shareholder	No. of shares	% of shareholdings
1 Pang Wee See	67,352,894	44.90
2 Chan Ah Kien	15,007,826	10.01
3 Tan Boon Kok	14,774,978	9.85
	97,135,698	64.76

### DIRECTORS' SHAREHOLDINGS

Name	No. of ordinary shares RM0.10 each held			
	Direct	%	Indirect	%
1 Pang Wee See	67,352,894	44.90	580,000*	0.39
2 Chan Ah Kien	15,007,826	10.01	—	—
3 Tan Boon Kok	14,774,978	9.85	—	—
4 Kan King Choy	6,080,858	4.05	—	—
5 Ir. Koh Thong How	290,000	0.19	67,352,894+	44.90
6 Dr. Seow Pin Kwong	183,000	0.12	—	—
7 Cheng Sim Meng	—	—	—	—
8 Yee Oii Pah @ Yee Ooi Wah	290,000	0.19	67,352,894^	44.90

\* Deemed interested by virtue of the shareholdings of 290,000 shares each, of his spouse, Yee Oii Pah @ Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

+ Deemed interested by virtue of the shareholdings of his brother-in-law, Pang Wee See

^ Deemed interested by virtue of the shareholdings of her spouse, Pang Wee See

## LIST OF THIRTY LARGEST SHAREHOLDERS

### LIST OF 30 LARGEST SHAREHOLDERS AS AT 26 MAY 2005

Name Of Shareholders	No. Of Shares	%
1 Pang Wee See	67,352,894	44.90
2 Chan Ah Kien	15,007,826	10.01
3 Tan Boon Kok	14,774,978	9.85
4 HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yee Kim Keow (M09)</i>	6,679,100	4.45
5 Kan King Choy	6,080,858	4.05
6 HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Yoke Sim (M09)</i>	6,047,400	4.03
7 Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Sepulohniam A/L M.Somu (14570MZ0208)</i>	5,076,000	3.38
8 Employees Provident Fund Board	4,394,100	2.93
9 Liang G-E	1,394,108	0.93
10 LHS Capital Holdings Sdn Bhd	1,270,900	0.85
11 Chong Tuck Chiew	1,250,000	0.83
12 Toong Chong Seng	1,243,900	0.83
13 HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Chong Theen (M09)</i>	1,120,800	0.75
14 Eric Lim Boon Eng	740,000	0.49
15 Chan Yin Juan @ Chin Hin Poon	710,000	0.47
16 Goh Choo Lien	663,800	0.44
17 Lee Ee Lee	627,000	0.42
18 RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yap Yuen Choy</i>	580,000	0.39
19 Lee Chong Theen	562,500	0.38
20 Phua Sin Loke	500,000	0.33
21 Chong Kim Foo @ Chong Kim Lean	476,300	0.32
22 Universal Trustee (Malaysia) Berhad Mayban Unit Trust Fund	467,500	0.31
23 Teo Hwee Mien	450,000	0.30
24 HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yap Chee Seng (M09)</i>	417,700	0.28
25 Chong Set Moy	389,000	0.26
26 Lim Suat Lean	382,616	0.26
27 Goh Swee Keng	361,600	0.24
28 Low Soon Hing	353,300	0.24
29 Tay Lay Cheng	336,000	0.22
30 Chow Chin Vin	335,700	0.22
	140,045,880	93.36

## LIST OF PROPERTIES AS AT 31 DECEMBER 2004

The following are the properties held by the Group as at 31 December 2004:

A summary of the land and building owned by Brite-Tech Corporation Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area	Net Book Value/Cost@ 31.12.2004 RM'000	Type of Property	Built Up Area (sq ft)
P.T. No. 5015, Mukim of Damansara, District of Petaling, Selangor D.E.*	Freehold land & building (Operational assets held for owner occupation)	42,880 sq. ft.	3,141	Triple storey office block and a single storey factory	20,402
P.T. No. 12144, Mukim of Kapar, District of Kelang, Selangor D.E.*	Freehold land & building (Idle)	4,220 sq. ft.	298	Double storey semi-detached factory	1,900
				Extension	4,074
P.T. No. 723, H.S.(M) 956, Mukim of Setul, District of Seremban Negeri Sembilan.*	Leasehold land (99 years, expiring in 2/10/2085) (Idle)	50,939 sq. ft.	789	Vacant land	–
P.T. No. 24201, Mukim of Kapar, District of Klang, Selangor Darul Ehsan*	Freehold land & building (Operational assets held for owner occupation)	20,761 sq. ft.	1,149	One-and-a-half storey semi-detached light industrial building	11,440

A summary of the land and building owned by Hooker Chemical Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area	Net Book Value/Cost@ 31.12.2004 RM'000	Type of Property	Built Up Area (sq ft)
H.S.(M) 1117, Lot No. 4568, Mukim 14, District of Seberang Perai Tengah, Pulau Pinang.*	Freehold building (Operational assets held for owner occupation)	1,540 sq. ft.	220	Double storey shophouse	3,322
PTD 85433, H.S.(D) 169547, Mukim Pelentong, District of Johor Bahru, Johor.*	Freehold building (Operational assets held for owner occupation)	2,400 sq. ft.	522	Double storey shophouse	3,072
P.T. No. 11419, Mukim of Damansara, District of Petaling, Selangor.*	Freehold building (Assets held for investments)	1,760 sq. ft.	1,210	Triple storey shophouse	5,161

## LIST OF PROPERTIES (CONT'D)

A summary of the land and building owned by Rank Chemical Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area	Net Book Value/Cost@ 31.12.2004 RM'000	Type of Property	Built Up Area (sq ft)
H.S.(D) 31573, Lot No. PTD 42295, Mukim and District of Kluang, Johor.*	Freehold building (Operational assets held for owner occupation)	9,375 sq. ft.	461	Single storey detached factory	4,800
H.S.(D) 23144, Lot No. PTD 38519, Mukim and District of Kluang, Johor.*	Freehold building (Operational assets held for owner occupation)	1,540 sq. ft.	111	Double storey shophouse	2,156
PTD 32881, Mukim and District of Kluang, Johor.*	Freehold building (Assets held for investments)	1,540 sq. ft.	324	Double storey shophouse	3,080
PTD 42334, Mukim and District of Kluang, Johor. (Date of acquisition: 12 May 2004)	Freehold building (Operational assets held for owner occupation)	7,700 sq. ft.	284	Double storey semi-detached factory	4,675
PTD 42336, Mukim and District of Kluang, Johor. (Date of acquisition: 12 May 2004)	Freehold building (Operational assets held owner occupation)	7,700 sq. ft.	284	Double storey semi-detached factory	4,675

A summary of the land and building owned by Renown Orient Sdn. Bhd. is set out below: -

Location	Tenure and Existing Use	Land Area	Net Book Value/Cost@ 31.12.2004 RM'000	Type of Property	Built Up Area (sq ft)
PLO No. 705, Pasir Gudang Industrial Area, Mukim Plentong, Daerah Johor Bahru, Johor. (Date of acquisition: 22 August 2003)	Leasehold land (Idle)	87,120 sq. ft.	1,017	Vacant land	-
PLO No. 706, Pasir Gudang Industrial Area, Mukim Plentong, Daerah Johor Bahru, Johor. (Date of acquisition: 22 August 2003)	Leasehold land (Idle)	87,120 sq. ft.	1,017	Vacant land	-

Note:-

\* means:

The properties were revalued on 15 May 2001. The valuations were carried out by Messrs Colliers, Jordan Lee & Jaafar Sdn Bhd, Colliers, Jordan Lee & Jaafar (S) Sdn Bhd, Colliers, Jordan Lee & Jaafar (PG) Sdn Bhd and Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd, registered independent firms of professional valuers based on the comparison, investment and cost methods of valuation.

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**BRITE-TECH BERHAD**

(Company No.: 550212-U)

(Incorporated in Malaysia under the Companies Act, 1965)

No. of shares held

**PROXY FORM**

I/We .....

of .....

Being a member/members of **BRITE-TECH BERHAD** hereby appoint .....

.....

or failing him/her .....

of .....

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company, to be held at Langkawi 1 Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 23 June 2005 at 9.30 a.m. and any adjournment thereof.

My/Our Proxy(ies) is/are to vote as indicated below:

No.	Resolution	For	Against
1.	To receive and consider the Audited Accounts for the financial year ended 31 December 2004 and the Reports of the Directors and Auditors thereon		
2.	To declare a final gross dividend of 1.11 sen per ordinary share, less income tax at 28%, in respect of the year ended 31 December 2004.		
3.	To approve the payment of Directors' fees for the year ended 31 December 2004.		
	To re-elect the following Directors who are retiring by rotation, pursuant to Article 96 of the Articles of Association of the Company, and being eligible, offer themselves for re-election:-		
4.	Mr. Pang Wee See		
5.	Mr. Chan Ah Kien		
6.	Ir. Koh Thong How		
7.	To re-appoint S. F. Yap & Co as auditors of the Company and to authorise the Directors to fix their remuneration		
	<b>Special Business</b>		
8.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain at his/their discretion)

Signed this ..... day of ..... 2005

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

**Notes:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. The instrument of 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 its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at 17 & 19, 2nd Floor, Jalan Brunei Barat, 55100 Kuala Lumpur, not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof.

Fold this flap for sealing

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AFFIX  
STAMP

**The Company Secretary**  
**BRITE-TECH BERHAD** (550212-U)  
17 & 19, 2nd Floor  
Jalan Brunei Barat  
55100 Kuala Lumpur  
Malaysia

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