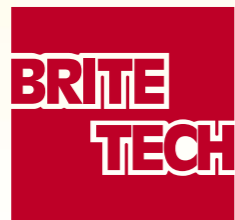


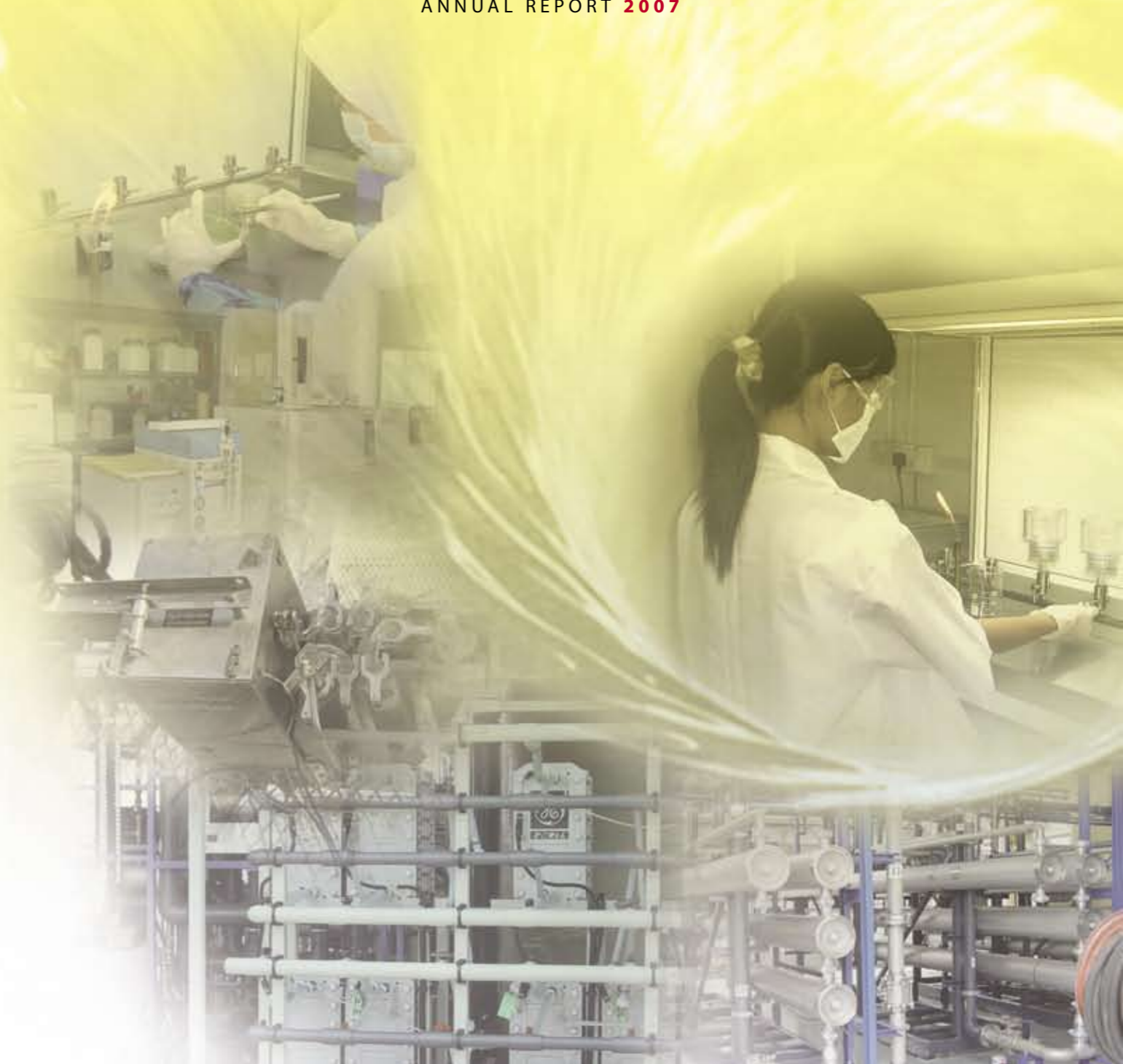


**BRITE-TECH BERHAD**  
(Company No.550212-U)

ANNUAL REPORT 2007



**BRITE-TECH BERHAD**  
(Company No.550212-U)



# CONTENTS

<i>NOTICE OF ANNUAL GENERAL MEETING .....</i>	<b>02</b>
<i>STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING .....</i>	<b>04</b>
<i>CORPORATE INFORMATION .....</i>	<b>05</b>
<i>DIRECTORS' PROFILE .....</i>	<b>06</b>
<i>MANAGEMENT'S DISCUSSION .....</i>	<b>10</b>
<i>CORPORATE GOVERNANCE STATEMENT .....</i>	<b>13</b>
<i>AUDIT COMMITTEE REPORT .....</i>	<b>18</b>
<i>STATEMENT ON INTERNAL CONTROL .....</i>	<b>21</b>
<i>OTHER COMPLIANCE INFORMATION .....</i>	<b>23</b>
<i>FINANCIAL STATEMENTS .....</i>	<b>24</b>
<i>STATISTIC OF SHAREHOLDINGS .....</i>	<b>79</b>
<i>LIST OF 30 LARGEST SHAREHOLDERS .....</i>	<b>80</b>
<i>LIST OF PROPERTIES .....</i>	<b>81</b>
<i>PROXY FORM .....</i>	<b>Enclosed</b>

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting of **Brite-Tech Berhad** will be held at Perdana Room 3, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Wednesday, 21 May 2008 at 9.30 a.m. to transact the following business :-

### AGENDA

#### ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To declare a final gross dividend of 0.46 sen per ordinary share, less income tax in respect of the financial year ended 31 December 2007. **(Resolution 2)**
3. To approve the payment of Directors' fees for the financial year ended 31 December 2007. **(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. Tan Boon Kok **(Resolution 4)**
  - b) Ir. Koh Thong How **(Resolution 5)**
  - c) Dr. Seow Pin Kwong **(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. **(Resolution 9)**

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

### **NOTICE OF DIVIDEND ENTITLEMENT**

**NOTICE IS ALSO HEREBY GIVEN** that the final gross dividend of 0.46 sen per share less income tax in respect of the financial year ended 31 December 2007, if approved by the shareholders, will be paid on 30 June 2008 to shareholders whose names appear in the Register of Depositors at the close of business on 12 June 2008. 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 12 June 2008 in respect of ordinary transfers;
- b) Shares bought on the Bursa Malaysia Securities Bhd. ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

### **By order of the Board**

**Yip Siew Yoong** (MAICSA 0736484)

**Leong Siew Kit** (MACS 01215)

Company Secretaries

Kuala Lumpur

29 April 2008

### **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 Seventh 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:

- Tan Boon Kok (Executive Director)
- Ir. Koh Thong How (Non-Executive Director)
- Dr. Seow Pin Kwong (Independent Non-Executive Director)

Further details of the Directors who are standing for re-election at the Seventh Annual General Meeting are set out in the Profile of Directors on pages 6 to 9 of the Annual Report and information on their shareholdings are listed on page 79 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 2007 to 31 December 2007. Details of attendance of Directors at the Board meetings are as follows:-

Name	Designation	Attendance
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	Non-Executive Director (Engineering)	4/4
6. Dr. Seow Pin Kwong	Independent Non-Executive Director	4/4
7. Cheng Sim Meng	Independent Non-Executive Director	4/4
8. Wong Sak Chiew (Appointed w.e.f. 26 March 2007)	Independent Non-Executive Director	3/4

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

The Seventh Annual General Meeting of **Brite-Tech Berhad** will be held at Perdana Room 3, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Wednesday, 21 May 2008 at 9.30 a.m.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Name	Designation
PANG WEE SEE	Executive Chairman
TAN BOON KOK	Executive Director
CHAN AH KIEN	Executive Director
KAN KING CHOY	Executive Director
IR. KOH THONG HOW	Non-Executive Director (Engineering)
DR. SEOW PIN KWONG	Independent Non- Executive Director
CHENG SIM MENG	Independent Non- Executive Director
WONG SAK CHIEW	Independent Non- Executive Director
<i>(Appointed w.e.f. 26 March 2007)</i>	
YEE OII PAH @ YEE OOI WAH	Alternate Director to Pang Wee See

### AUDIT COMMITTEE

Name	Designation	Directorship
DR. SEOW PIN KWONG	Chairman	Independent Non-Executive Director
CHENG SIM MENG	Member	Independent Non-Executive Director
WONG SAK CHIEW	Member	Independent Non-Executive Director
<i>(Appointed w.e.f. 26 March 2007)</i>		
KAN KING CHOY	Member	Executive Director
<i>(Resigned w.e.f. 29 November 2007)</i>		

### COMPANY SECRETARIES

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

### STOCK EXCHANGE LISTING

Mesdaq Market of  
Bursa Malaysia Securities Berhad

### REGISTERED OFFICE

17 & 19, 2nd Floor  
Jalan Brunei Barat, Pudu  
55100 Kuala Lumpur

Tel.: 03-2142 6689  
Fax: 03-2142 7301

### 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

## DIRECTORS' PROFILE

---

### **PANG WEE SEE**

Pang Wee See, a Malaysian, aged 56, 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, BVSB, SUSB and TTPSB and also sits on the Board of other private companies. He also sits on the Board of Yayasan Maha Karuna, a charity organization.

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 2007.

### **TAN BOON KOK**

Tan Boon Kok, a Malaysian, aged 50, 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 20 years. He is also a Director of BCSB, HCSB, SLSB, SLJSB, SLPSB, RCSB, BSSB, ROSB, BVSB, SUSB, and TTPSB.

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 2007.

### **CHAN AH KIEN**

Chan Ah Kien, a Malaysian, aged 45, 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 15 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. He is also a Director of BCSB, HCSB, SLSB, SLJSB, SLPSB, RCSB, BSSB, ROSB, BVSB, SUSB, and TTPSB.

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 2007.

## DIRECTORS' PROFILE (Cont'd)

---

### **KAN KING CHOY**

Kan King Choy, a Malaysian, aged 46, 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 15 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 also a Director of BCSB, HCSB, SLSB, SLJSB, SLPSB, RCSB, BSSB, ROSB, BVSB, SUSB, and TTPSB.

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 2007. He was a member of the Audit Committee of the Company until his resignation on 29 November 2007.

### **IR. KOH THONG HOW**

Ir. Koh Thong How, a Malaysian, aged 53, was appointed to the Board as Non-Executive Director (Engineering) 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 and Structural) of Murray North (M) Sdn Bhd. In 1998, he left the company to venture into his own business, KP Perunding (Civil and 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 and 90-91 sessions and the Honorary Secretary of IEM (Southern Branch) for 1991-92, 92-93 and 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 all the four (4) Board meetings of the Company for the financial year ended 31 December 2007.

### **DR. SEOW PIN KWONG**

Dr. Seow Pin Kwong, a Malaysian, aged 67, 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 and 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 2007. He is currently the Chairman of the Audit Committee of the Company.



## DIRECTORS' PROFILE (Cont'd)

---

### **CHENG SIM MENG**

Cheng Sim Meng, a Malaysian, aged 52, was appointed to the Board on 25 May 2002 as an Independent Non-Executive Director. He is a Chartered Insurer and 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. He 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 and statistics, credit control, reinsurance, broking, net-working and distribution, training and leadership roles. He started his career as a clerk with 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 the Assistant General Manager (Commercial Lines Management) with a local insurance company.

Since 1982, Mr. Cheng is involved on a part-time basis in education. He lectures and acts as course leader with the Malaysian Insurance Institute on various courses and training aspects, public seminars and conferences as well as lectures in TAR college, private institutes and 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 2007. He is also a member of the Audit Committee of the Company.

### **WONG SAK CHIEW**

Wong Sak Chiew, a Malaysian, aged 50, was appointed to the Board on 26 March 2007 as an Independent Non-Executive Director. Mr. Wong was admitted as a member of the Malaysian Institute of Accountants since 2000. He is also a Fellow of the Association of Chartered Certified Accountants, London, England. He completed his pre-university studies in Kilburn Polytechnic, London, England in 1980.

Mr. Wong began his career in an accounting and auditing firm in London in 1986 and later joined a property and leasing group listed on the London Stock Exchange in 1989 as the financial controller. He then moved on his career path by joining a property development company in 1993 as the chief accountant and returned to Malaysia in 1996.

He is currently holding the position of group finance manager of a property development and investment group listed on the Bursa Securities Sdn. Bhd. He oversees the entire accounting and finance functions of the listed group and is primarily responsible for the financial management and business performance reporting. He is a senior member of the management team and also sits on the board of several subsidiary companies within the listed group.

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 three (3) Board meetings of the Company for the financial year ended 31 December 2007. He was appointed as a member of the Audit Committee of the Company on 26 March 2007.

## DIRECTORS' PROFILE (Cont'd)

---

### **MADAM YEE OII PAH @ YEE OOI WAH**

Yee Oii Pah @ Yee Ooi Wah, a Malaysian, aged 54, 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 or the Company
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.
SUSB	-	Sincere United Sdn. Bhd.
TTPSB	-	Tan Tech-Polymer Sdn. Bhd.

## MANAGEMENT'S DISCUSSION

---

***On behalf of the Board of Directors and the management team of Brite-Tech Berhad ("BTB Group or the Company"), I am pleased to present the Annual Report and Financial Statements of BTB Group for the financial year ended 31 December 2007.***

### **FINANCIAL REVIEW**

For the financial year ended 31 December 2007, the BTB Group recorded a decrease in revenue of 18.24% to RM19.53 million as compared to RM23.88 million in the previous financial year.

Despite the lower revenue, the BTB Group's profit before tax for the financial year ended 31 December 2007 increased by 16.52% to RM2.109 million from RM1.810 million in the previous financial year.

### **INDUSTRY OUTLOOK**

#### **OVERVIEW AND PROSPECTS OF ENVIRONMENTAL MANAGEMENT**

During the 9th Malaysia Plan, 2006-2010 ("9MP"), the Government will place emphasis on preventive measures to mitigate and minimise pollution as well as address other adverse environmental impact arising from development activities. In addition, steps will be undertaken to identify and adopt action to promote sustainable natural resource management practices in relation to land, water, forest, energy and marine resources. These efforts will enhance protection of the environment and conservation of natural resources and contribute towards improving the quality of life. The strategic thrusts for addressing environmental and natural resources issues will focus on:

- Promoting a healthy living environment;
- Utilising resources sustainably and conserving critical habitats;
- Strengthening the institutional and regulatory framework as well as intensifying enforcement;
- Expanding the use of market-based instruments;
- Developing suitable sustainable development indicators; and
- Inculcating an environment-friendly culture and practice at all levels of society.

#### **Air Quality**

A new Clean Air Action Plan will be developed and implemented to improve air quality. Detailed studies will be undertaken to formulate action plans to improve the air quality in urban areas. Emission of air pollutants from stationary sources will be addressed by promoting the use of cleaner technologies. The sulphur content in diesel and petrol will be reduced from 3,000 parts per million ("ppm") to 500 ppm and from 1,500 ppm to 500 ppm respectively, with the adoption of EURO 2M specifications. New emission standards based on EURO 2 for diesel vehicles and EURO 3 for petrol vehicles will also be introduced to reduce emission of air pollutants from mobile sources. In addition, the capacity and ability to fight peat swamp fires, a domestic source of haze, will be strengthened.

#### **Water Quality**

The utilisation of the integrated river basin management approach will be intensified to improve river and groundwater quality. Efforts will be targeted towards reducing the number of polluted rivers. Public sewerage systems will be upgraded and additional centralised sewerage treatment plants will be constructed to reduce the discharge of inadequately treated wastewater into river systems. Gross pollution traps and sedimentation ponds will be installed at critical locations in river basins to reduce the outflow of non-point source pollutants. Siltation and erosion control will be addressed through the amendment of existing laws. Enforcement will be intensified to ensure that effluent discharge comply with environmental standards in order to maintain environmental health.

## MANAGEMENT'S DISCUSSION (Cont'd)

### Solid Waste

The National Strategic Plan for Solid Waste Management ("Strategic Plan") will be implemented with emphasis on the upgrading of unsanitary landfills as well as the construction of new sanitary landfills and transfer stations with integrated material recovery facilities. Priority will continue to be accorded to the reduction, reuse, recovery and recycling of waste as well as greater use of environment-friendly materials such as bioplastics. Legislation to streamline solid waste management will be enacted to facilitate the implementation of the strategies and measures in the Strategic Plan. Awareness raising campaigns and activities will be increased to educate the public on the benefits of practicing sustainable consumption. A solid waste department will be established to implement these measures and to administer solid waste policy, planning and management in a holistic manner.

*(Source: 9th Malaysia Plan 2006-2010)*

### PRODUCT DEVELOPMENT AND RESEARCH & DEVELOPMENT

The BTB Group's research and development ("R&D") activities of treatment chemicals and treatment process evaluation are continually on-going and these evaluations are part and parcel of a complete engineering studies carried out which includes analysis, interpretation and review.

As most of the BTB Group's R&D activities form an integral part of the BTB Group's engineering studies, the R&D expenditure on new product development during the financial year ended 31 December 2007 has been minimal. The financial impact on the future R&D allocation for new product development is also expected to be immaterial.

### CORPORATE DEVELOPMENTS

- a) The BTB Group had on 13 February 2007 increased the paid up share capital of Brite-Tech Ventures Sdn. Bhd. ("BTV"), a subsidiary of the BTB Group. The Company has subscribed for 249,998 new ordinary shares of RM1.00 each for a cash consideration of RM249,998 or at par and invited Aquakimia Sdn Bhd to subscribe for 250,000 new ordinary shares of RM1.00 each representing 50% of the issued and paid-up share capital of BTV for a cash consideration of RM250,000 or at par;
- b) On 14 February 2007, BTV, a joint venture entity of the BTB Group entered into four (4) letters of intent with the Danish Ministry for the proposed sale of Certified Emission Reductions ("CERs") to be generated using wastewater treatment system called AVC Palm Oil Mill Effluent Treatment System for four (4) palm oil mills, to the Danish Ministry for an amount to be determined and negotiated later. BTV intends to develop the projects under the Clean Development Mechanism of the Kyoto Protocol and produce the CERs in collaboration with the four (4) palm oil mills;
- c) The Company had on 21 November 2007 and 19 February 2008 announced that the Company proposed to increase its authorised share capital by the creation of an additional 250,000,000 ordinary shares of RM0.10 each from existing RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each to RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each; and
- d) The Company had on 21 November 2007 and 19 February 2008 also proposed a Bonus Issue of 102,000,000 new ordinary shares of RM0.10 each in Brite-Tech, to be credited as fully paid-up, on the basis of sixty-eight (68) Bonus Shares for every hundred (100) existing ordinary shares of RM0.10 each held in Brite-Tech ordinary shares at a book closure to be determined at a later date. The Bonus Issue shares shall not be entitled to dividends declared for the financial year ended 31 December 2007.

## MANAGEMENT'S DISCUSSION (Cont'd)

---

### **PROSPECTS**

Overall, the BTB Group's immediate business plan is to implement strategic marketing efforts in areas of water and wastewater treatment as well to consolidate its existing customer base. The BTB 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 BTB Group has continued to make progress in its venture under the Clean Development Mechanism ("CDM") of the Kyoto Protocol to produce Certified Emission Reductions ("CERs") to be generated using a wastewater treatment system called AVC Effluent Treatment System targeting the palm oil mills both in Malaysia and overseas.

The BTB Group expects the year ahead to remain challenging and will continue to consolidate its existing operations and concentrate on its core competencies while at the same time, the Group will also continue to improve its operational efficiency and cost management.

Barring for any unforeseen circumstances, the Board of Directors is of the opinion that despite the challenging business environment, the BTB Group's performance is likely to remain satisfactory for the financial year ending 31 December 2008.

### **DIVIDENDS**

As recognition of your continuous support, the Board of Directors is pleased to recommend a final gross dividend of 0.46 sen per share less income tax, for the approval of shareholders 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 valued 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  
29 April 2008

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") 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 the Bursa Securities 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 eight (8) members, comprising an Executive Chairman, three (3) Executive Directors, one (1) Non-Executive Director (Engineering) and three (3) 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 2007. Details of each Director's 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.

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.

## CORPORATE GOVERNANCE STATEMENT (Cont'd)

### 1. THE BOARD (CONT'D)

#### c) Supply of Information (Cont'd)

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 the Bursa Securities 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) in accordance to Bursa Securities Listing Requirements.

The Directors are encouraged to attend relevant training programmes, seminars and courses to keep abreast with development in the business environment as well as with the new regulatory and statutory requirements.

### 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 2007 which falls within the following bands is as follows:

Band of Remuneration	Executive Directors	Non-Executive Directors
RM 50,000 and below	–	4
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.

## CORPORATE GOVERNANCE STATEMENT (Cont'd)

### 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 18 of this Annual Report.

#### b) Remuneration Committee

The present members of the Remuneration Committee are as follows:

Chairman:	DR. SEOW PIN KWONG	<i>(Independent Non-Executive Director)</i>
Members:	CHENG SIM MENG	<i>(Independent Non-Executive Director)</i>
	KAN KING CHOY	<i>(Executive Director)</i>

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	<i>(Independent Non-Executive Director)</i>
Members:	CHENG SIM MENG	<i>(Independent Non-Executive Director)</i>
	KAN KING CHOY	<i>(Executive Director)</i>

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.

### 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 external independent internal audit service provider.



## CORPORATE GOVERNANCE STATEMENT (Cont'd)

### 4. ACCOUNTABILITY AND AUDIT (CONT'D)

#### b) Internal Control (Cont'd)

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 on Internal Control" in Page 21.

#### 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 the Bursa Securities, 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.

## CORPORATE GOVERNANCE STATEMENT (Cont'd)

---

### **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 Securities Listing Requirements.

## AUDIT COMMITTEE REPORT

### 1. INTRODUCTION

The Audit Committee was established on 2002 and currently comprises the following committee members:

Chairman:	DR. SEOW PIN KWONG	<i>(Independent Non-Executive Director)</i>
Members:	CHENG SIM MENG	<i>(Independent Non-Executive Director)</i>
	WONG SAK CHIEW	<i>(Independent Non-Executive Director)</i>
	<i>(Appointed w.e.f. 26 March 2007)</i>	
	KAN KING CHOY	<i>(Executive Director)</i>
	<i>(Resigned w.e.f. 29 November 2007)</i>	

### 2. TERMS OF REFERENCE

#### a) Composition of Audit Committee

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall comprise no fewer than three (3) members, the majority of whom shall be independent and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience approved by the Bursa Securities.

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.

#### b) 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.

#### c) 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.

## AUDIT COMMITTEE REPORT (Cont'd)

### 2. TERMS OF REFERENCE (CONT'D)

#### d) 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)

### 3. SUMMARY OF ACTIVITIES

The Audit Committee held four (4) meetings during the financial year ended 31 December 2007. The details of their meetings are as follows:

Name	Designation	Attendance
1. DR. SEOW PIN KWONG	Independent Non-Executive Director	4/4
2. CHENG SIM MENG	Independent Non-Executive Director	4/4
3. WONG SAK CHIEW	Independent Non-Executive Director	3/4
4. KAN KING CHOY	Executive Director	4/4

The activities of the Audit Committee during the financial year ended 31 December 2007 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 2007 as well as review the internal audit reports issued, which covered amongst others, areas such as project management, quality assurance, purchasing, inventory management, human resource management, safety & health and investor relationship;
- (vi) review the effectiveness of the Group's system of internal control;
- (vii) review the Company's compliance with Bursa Securities 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 2004 outsourced its Internal Audit function to an external independent internal audit service provider to advise and assist in the Internal Audit functions of the Group within the framework as directed by the Audit Committee, which is in accordance with Bursa Securities "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 project management, quality assurance, purchasing, inventory management, human resource management, safety & health and investor.

## STATEMENT ON INTERNAL CONTROL

---

### **RESPONSIBILITIES**

The Board of Directors (“Board”) acknowledges its responsibility and reaffirms its commitment in recognising the importance of effective system of internal control and risk management practices to enhance good corporate governance. In this respect the Board is responsible for identifying principal risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and integrity of the Group’s systems of internal control. However, it should be noted that risk management system and system of internal control are only designed to manage and control risk appropriately rather than eliminate the risks of failure to achieve business objectives. Accordingly, these systems can only provide reasonable, but not absolute assurance against material misstatement of management and financial information and, records or against financial losses or fraud.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the shareholders’ investment, the interests of customers, regulators and employees, and the Group’s assets.

The management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

### **RISK MANAGEMENT**

The Board together with the outsourced independent consultant has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating of the system of internal controls when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board and accords with the guidelines for directors on internal control, the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

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. 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.

### **KEY INTERNAL CONTROL PROCESSES**

The Board has considered the system of internal control in operation during the financial year and some of the key elements include the following:

- Periodic Board and management meetings to review financial performance and business operations of the Group to ensure that they are in line with the corporate objectives, strategies and annual budget;
- A comprehensive annual budget prepared for the Group is reviewed and approved by the Board.
- Management accounts/reports are prepared and the actual performance compared with the budget is reviewed on a monthly basis with detailed explanation of any major variances;
- Board Committees, namely the Audit Committee, Remuneration and Nomination Committee have been established with defined terms of reference;
- A management organisation structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority;

## STATEMENT ON INTERNAL CONTROL (Cont'd)

---

### **KEY INTERNAL CONTROL PROCESSES (CONT'D)**

- Standard Operating Procedures for the ISO/IEC 17025 for the analytical laboratory services business of the Group is documented; internal quality audits are carried out by the management and surveillance audits are conducted semi-annually by a certification body to provide assurance of compliance with the ISO;
- There are proper guidelines within the Group for hiring and termination of staff, formal training programmes for staff, annual or semi-annual performance appraisals and other relevant procedures in place to ensure that staff are competent and adequately trained in carrying out their responsibilities;
- Through the internal audit process, the effectiveness of the internal control procedures are subject to continuous assessment, reviews and improvements;
- 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;
- The Audit Committee reviews the quarterly financial results, annual report, audited financial statements, Group's risk profile and internal control issues identified by the External Auditors, Internal Auditors and the management; and
- The outsourced internal audit function reviews the adequacy and integrity of the system of internal control. The internal audit function reports its findings to the Audit Committee on quarterly basis. During the financial year, some areas of improvement to internal control were identified and addressed. Nevertheless, the identified weaknesses in the internal control have not resulted in any losses and/or require further disclosure in this Statement. The Board recognises that the systems of internal control must continuously improve in line with the growth of the Group and evolving business environment. Therefore, the Board is committed to put in place adequate plans, where necessary, to continuously improve the Group's system of internal control.

### **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Company for the year ended 31 December 2007 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

## OTHER COMPLIANCE INFORMATION

---

### 1. Utilisation of Proceeds

The proceeds from the initial public offering (“IPO”) pursuant to the Company’s prospectus dated 28 June 2002 have been fully utilised during the financial year ended 31 December 2005. Since the said IPO, the Company has not undertaken any equity fund raising exercise.

### 2. Share Buyback

During the financial year, the Company did not enter into any share buyback transaction.

### 3. Options, Warrants or Convertible Securities

During the financial year, no option, warrants or convertible securities were issued by the Company.

### 4. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme.

### 5. Sanctions and/or Penalties

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

### 6. Non-Audit Fees

There were no non-audit fees paid to the external auditors by the Group for the financial year.

### 7. Profit Estimates, Forecast or Projection

There was no profit estimate, forecast or projection issued by the Company and/or its subsidiaries for the financial year.

### 8. Variation of Results

There was no significant variance between the results for the financial year ended 31 December 2007 as per the audited financial statements and the unaudited results previously announced.

### 9. Profit Guarantee

There was no profit guarantee issued by the Company and/or its subsidiaries for the financial year.

### 10. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries which involved the directors and substantial shareholders’ interest during the financial year ended 31 December 2007.

### 11. Revaluation Policy on Landed Properties

The Group does not have a revaluation policy on landed properties.

### 12. Recurrent Related Party Transaction of Revenue Nature

The Company does not have any recurrent related party transaction of revenue nature during the financial year.

### 13. Corporate Social Responsibility

Apart from giving some token donations to certain charity organization, the Group did not undertake any corporate social responsibility activities during the financial year ended 31 December 2007.



---

# FINANCIAL STATEMENTS

---

<i>DIRECTORS' REPORT</i> .....	<b>25</b>
<i>STATEMENT BY DIRECTORS</i> .....	<b>29</b>
<i>STATUTORY DECLARATION</i> .....	<b>29</b>
<i>REPORT OF THE AUDITORS</i> .....	<b>30</b>
<i>BALANCE SHEETS</i> .....	<b>31</b>
<i>INCOME STATEMENTS</i> .....	<b>33</b>
<i>STATEMENTS OF CHANGES IN EQUITY</i> .....	<b>34</b>
<i>CASH FLOW STATEMENTS</i> .....	<b>36</b>
<i>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</i> .....	<b>38</b>
<i>NOTES TO THE FINANCIAL STATEMENTS</i> .....	<b>49</b>

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

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

### **RESULTS**

	<b>Group RM</b>	<b>Company RM</b>
Net profit after taxation for the financial year	1,431,590	1,652,548
Attributable to:		
Shareholders of the Company	1,361,137	1,625,548
Minority interest	70,453	-
	1,431,590	1,625,548

### **DIVIDEND**

A final gross dividend on ordinary share of 0.28 sen per share, less tax at 27%, amounting to RM306,600 in respect of the financial year ended 31 December 2006 was paid by the Company on 23 August 2007.

The Directors proposed a final gross dividend on ordinary shares of 0.46 sen per share, less tax at 26%, amounting to RM 510,600 in respect of the financial year ended 31 December 2007 subject to the approval of members at the forthcoming Annual General Meeting.

### **MOVEMENTS ON RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than those 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' REPORT (Cont'd)

### **DIRECTORS OF THE COMPANY**

Directors who served on the Board of the Company 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  
 WONG SAK CHIEW  
 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. TAN BOON KOK, DR. SEOW PIN KWONG 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 31/12/2007
	Balance At 1/1/2007	Bought	Sold	
PANG WEE SEE	67,352,894	—	—	67,352,894
TAN BOON KOK	14,774,978	—	—	14,774,978
CHAN AH KIEN	15,007,826	—	—	15,007,826
KAN KING CHOY	6,080,858	—	—	6,080,858
IR. KOH THONG HOW	290,000	—	—	290,000
DR. SEOW PIN KWONG	182,000	—	—	182,000
YEE OII PAH @ YEE OOI WAH <i>(Alternate director to Pang Wee See)</i>	290,000	—	—	290,000

By virtue of their interests in the shares of the Company, all the above 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' 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.

## DIRECTORS' REPORT (Cont'd)

---

### **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 2007 were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

## DIRECTORS' REPORT (Cont'd)

---

### **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, other than those disclosed in Note 36 in the notes to the financial statements.

### **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 as auditors 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 : 23 April 2008

## STATEMENT BY DIRECTORS

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

We, **PANG WEE SEE** and **KAN KING CHOY**, being two of the 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 31 to 78 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board 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 2007 and of the results of their operations and cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

**PANG WEE SEE**

Director

Kuala Lumpur

Dated : 23 April 2008

**KAN KING CHOY**

Director

## STATUTORY DECLARATION

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

I, **LEE LI CHIN**, the Officer 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 31 to 78 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 23rd day of April 2008 )

**LEE LI CHIN**

Before me,

COMMISSIONER FOR OATHS

## REPORT OF THE AUDITORS

TO THE MEMBERS OF BRITE-TECH BERHAD (Incorporated in Malaysia)

---

We have audited the financial statements as set out on pages 31 to 78. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 for entities other than private entities issued by the Malaysian Accounting Standards Board 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 2007 and of the results of their 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 5 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

**YAP SHIN SIANG**  
NO. 2439/01/10(J)  
CHARTERED ACCOUNTANT

Kuala Lumpur,  
Dated : 23 April 2008

## BALANCE SHEETS

AS AT 31 DECEMBER 2007

	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM
<b>PROPERTY, PLANT AND EQUIPMENT</b>	2	9,334,060	9,766,243	53,805	61,332
<b>INVESTMENT PROPERTIES</b>	3	1,605,471	1,498,658	–	–
<b>PREPAID LEASE PAYMENT</b>	4	2,794,741	2,839,329	–	–
<b>INVESTMENTS IN SUBSIDIARY COMPANIES</b>	5	–	–	18,852,449	18,854,549
<b>INVESTMENTS IN JOINT VENTURES ENTITIES</b>	6	–	–	252,098	–
<b>OTHER INVESTMENT</b>	8	20,000	20,000	–	–
<b>INTANGIBLE ASSET - DEVELOPMENT EXPENDITURE</b>	9	88,637	–	–	–
<b>GOODWILL ON CONSOLIDATION</b>	10	5,418,052	5,418,052	–	–
<b>TOTAL NON-CURRENT ASSETS</b>		19,260,961	19,542,282	19,158,352	18,915,881
<b>CURRENT ASSETS</b>					
Inventories	11	2,744,287	3,107,892	–	–
Trade receivables	12	6,793,047	7,780,889	–	–
Other receivables, deposits and prepayments	13	381,317	346,127	3,687	3,500
Tax recoverable		1,071,685	1,436,213	–	19,766
Amount due from subsidiary companies	14	–	–	5,188,167	5,630,523
Fixed deposits with licensed banks	30	3,015,155	1,977,769	780,000	550,000
Cash and bank balances	15	1,556,575	1,124,844	63,219	279,427
		15,562,066	15,773,734	6,035,073	6,483,216
<b>CURRENT LIABILITIES</b>					
Amount due to contract customers	16	81,305	18,073	–	–
Trade payables	17	1,897,411	1,916,355	–	–
Other payables and accruals	18	895,099	750,063	123,097	56,939
Borrowings	19	699,752	1,899,369	–	–
Amount due to subsidiary companies	14	–	–	86,635	1,338,519
Amount due to directors		109,738	600,806	313	371,679
Provision for taxation		12,841	2,889	5,705	–
		3,696,146	5,187,555	215,750	1,767,137
<b>NET CURRENT ASSETS</b>		11,865,920	10,586,179	5,819,323	4,716,079
<b>NON CURRENT ASSETS HELD FOR SALE</b>	20	153,334	–	–	–
		31,280,215	30,128,461	24,977,675	23,631,960



**BALANCE SHEETS** (Cont'd)

AS AT 31 DECEMBER 2007

	Note	2007 RM	Group 2006 RM (Restated)	Company 2007 RM	2006 RM
<b>CAPITAL AND RESERVES</b>					
SHARE CAPITAL	21	15,000,000	15,000,000	15,000,000	15,000,000
RESERVES	22	14,996,247	13,941,710	9,972,475	8,626,527
<b>SHAREHOLDERS' EQUITY</b>		29,996,247	28,941,710	24,972,475	23,626,527
<b>MINORITY INTEREST</b>		729,759	659,306	-	-
<b>TOTAL EQUITY</b>		30,726,006	29,601,016	24,972,475	23,626,527
<b>LONG TERM AND DEFERRED LIABILITIES</b>					
Deferred tax liabilities	23	425,438	344,155	5,200	5,433
Borrowings	19	128,771	183,290	-	-
		31,280,215	30,128,461	24,977,675	23,631,960

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 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
REVENUE	24	19,828,353	23,883,545	3,336,685	2,177,346
Cost of sales		(10,994,226)	(15,117,102)	–	–
<b>GROSS PROFIT</b>		<b>8,834,127</b>	<b>8,766,443</b>	<b>3,336,685</b>	<b>2,177,346</b>
Interest income		82,082	26,521	19,419	16,528
Other operating income		249,584	273,747	–	–
Administrative and other operating expenses		(6,930,671)	(7,080,605)	(1,479,508)	(1,335,417)
Finance costs		(123,842)	(176,061)	–	–
<b>NET PROFIT BEFORE TAXATION</b>	25	<b>2,111,280</b>	<b>1,810,045</b>	<b>1,876,596</b>	<b>858,457</b>
Taxation	27	(679,690)	(481,103)	(224,048)	(251,382)
<b>NET PROFIT AFTER TAXATION FOR THE YEAR</b>		<b>1,431,590</b>	<b>1,328,942</b>	<b>1,652,548</b>	<b>607,075</b>
Attributable to:					
Shareholders of the Company		1,361,137	1,298,386	1,652,548	607,075
Minority interest		70,453	30,556	–	–
		<b>1,431,590</b>	<b>1,328,942</b>	<b>1,652,548</b>	<b>607,075</b>
<b>EARNINGS PER ORDINARY SHARE (SEN)</b>	28	<b>0.91</b>	<b>0.87</b>		
<b>DIVIDENDS PER ORDINARY SHARE (SEN)</b>	35	<b>0.46</b>	<b>0.28</b>		

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Issued and fully paid ordinary shares of RM0.10 each RM	Non- Distributable Share premium RM	Distributable Unappropriated profits RM	Total RM	Minority interest RM	Total equity RM
<b>Group</b>							
Balance as at 1 January 2006		15,000,000	8,019,296	4,926,406	27,945,702	628,741	28,574,443
Net profit for the year		-	-	1,298,386	1,298,386	30,556	1,328,942
Deferred taxation	23	-	-	22	22	9	31
Dividends		-	-	(302,400)	(302,400)	-	(302,400)
- Final dividends for financial year ended 31 December 2005 (approximately 0.28 sen per share less 28% tax)							
Balance as at 31 December 2006		15,000,000	8,019,296	5,922,414	28,941,710	659,306	29,601,016
Net profit for the year		-	-	1,361,137	1,361,137	70,453	1,431,590
Dividends	35	-	-	(306,600)	(306,600)	-	(306,600)
- Final dividends for financial year ended 31 December 2006 (approximately 0.28 sen per share less 27% tax)							
Balance as at 31 December 2007		15,000,000	8,019,296	6,976,951	29,996,247	729,759	30,726,006

## STATEMENTS OF CHANGES IN EQUITY (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Issued and fully paid ordinary shares of RM0.10 each RM	Non- distributable share premium RM	Distributable Unappropriated profits RM	Total RM
<b>Company</b>					
Balance as at 1 January 2006		15,000,000	8,019,296	302,556	23,321,852
Net profit for the year		–	–	607,075	607,075
Dividends		–	–	(302,400)	(302,400)
- Final dividends for financial year ended 31 December 2005 (approximately 0.28 sen per share less 28% tax)					
Balance as at 31 December 2006		15,000,000	8,019,296	607,231	23,626,527
Net profit for the year		–	–	1,652,548	1,652,548
Dividends	35	–	–	(306,600)	(306,600)
- Final dividends for financial year ended 31 December 2006 (approximately 0.28 sen per share less 27% tax)					
Balance as at 31 December 2007		15,000,000	8,019,296	1,953,179	24,972,475

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 2007

	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net profit before taxation		2,111,281	1,810,045	1,876,596	858,457
Adjustments for:					
Loss on disposal of property, plant and equipment		19,032	727	-	-
Depreciation on property, plant and equipment		786,246	866,053	9,875	9,702
Gain on disposal of property, plant and equipment		(48,752)	(151,212)	-	-
Property, plant and equipment written off		81,768	-	-	-
Interest income		(82,082)	(26,521)	(19,419)	(16,528)
Interest expenses		123,842	176,061	-	-
Bad debts written off		106,447	118,200	-	-
Allowance for doubtful debts		148,968	133,372	-	-
Bad debt recovered		(49,608)	(15,340)	-	-
Sundry deposit written off		500	-	-	-
Unrealised (gain)/ loss on foreign exchange		(21,728)	8,939	-	-
Amortisation of prepaid lease payment		44,588	44,911	-	-
Loss on dilution of interest in subsidiary company		18,446	-	-	-
Operating profit before changes in working capital		3,238,947	2,965,235	1,867,051	851,631
Changes in working capital					
Decrease in inventories		327,522	361,477	-	-
(Decrease)/Increase in trade and other receivables		746,345	484,043	442,169	(596,461)
(Decrease)/Increase in trade and other payables		(1,011,377)	(903,214)	(1,557,092)	427,724
Cash generated from operations		3,301,437	2,907,541	752,128	682,894
Interest paid		(123,842)	(176,061)	-	-
Income tax recovered		226,507	-	-	-
Income tax paid		(450,434)	(513,448)	(198,810)	(249,132)
Net cash flow from operating activities		2,953,668	2,218,032	553,318	433,762

## CASH FLOW STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payment of development expenditure		(88,637)	-	-	-
Dilution of interest in subsidiary company	5	(4,417)	-	-	-
Investment in joint venture entities		-	-	(249,998)	-
Interest received		82,082	26,521	19,419	16,528
Purchase of property, plant and equipment	29	(676,743)	(1,077,772)	(2,348)	(1,570)
Proceeds from disposal of property, plant and equipment		89,868	1,344,645	-	-
Net cash flow (used in)/from investing activities		(597,847)	293,394	(232,927)	14,958
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of borrowings		(555,745)	(674,169)	-	-
Dividend paid		(306,600)	(302,400)	(306,600)	(302,400)
Net cash flow used in financing activities		(862,345)	(976,569)	(306,600)	(302,400)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,493,476	1,534,857	13,792	146,320
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,956,832	1,421,975	829,427	683,107
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	4,450,308	2,956,832	843,219	829,427

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 2007

## A. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies and comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards, the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities

The preparation of the financial statements in conformity with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results could differ from those estimates.

## B. ADOPTION OF NEW AND REVISED FRSS

### (i) Standards, amendments to published standards that are effective and adopted

The accounting policies adopted by the Company are consistent with those adopted in the previous year except for the adoption of the new and revised FRSS issued by MASB that are effective for the financial period beginning on 1 October 2006 as follows:

FRS 117 Lease  
FRS 124 Related Party Disclosures

The adoption of these FRSS does not have any material financial impact on the Group and on the Company, or any significant changes in accounting policies of the Group and of the Company except as disclosed in Note Z of significant summary of accounting policies and Note 31 to the financial statements.

### (ii) Standards, amendments to published standards and IC Interpretations to existing standards that are not yet effective and have not been early adopted.

Standard/ Interpretation	Effective date
FRS 107 Cash Flow Statements	1 July 2007
FRS 112 Income Taxes	1 July 2007
FRS 118 Revenue	1 July 2007
FRS 119 Employee Benefits	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007
FRS 134 Interim Financial Reporting	1 July 2007
FRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139 Financial Instruments: Recognition and Measurement	To be announced

The impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in paragraph FRS13 103 AB.

Other the above paragraph stated, the above amendment to published standards and IC Interpretations to existing standards are not expected to have a significant impact on the financial statements of the Group and of the Company in the year of initial application.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### B. ADOPTION OF NEW AND REVISED FRSS (CONT'D)

#### (iii) Standards, amendments to published standards and IC Interpretations to existing standards that are not yet effective and are not relevant for the Group's operations

Standard/ Interpretation	Effective date
FRS 120 Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 126 Accounting and Reporting by Retirement Benefits Plan	1 July 2007
FRS 111 Construction Contracts	1 July 2007
FRS 129 Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7 Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8 Scope of FRS 2	

### C. 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 purchase method. Under the purchase 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.

At the acquisition date, the fair values of the subsidiary net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost the acquisition over the Group's share of fair value of the identifiable net assets of the subsidiary company acquired at the date of acquisition is reflected as goodwill or reserve on consolidation.

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 unamortized 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.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and minorities' share of movements in the acquiree's equity since then.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### **D. 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.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment where certain land and buildings are stated at their 2001 valuation less accumulated depreciation and impairment losses and no later valuation has been recorded for these property, plant and equipment.

Surpluses 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.

For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus should be recognized as income to the extent that it reverses the deficit previously recognized as an expense with the balance of increase credited to shareholders' equity.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the income statement as incurred.

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 :

	%
Freehold buildings and leasehold land	1-2
Electrical fittings	5-10
Motor vehicles	10-25
Furniture and fittings, laboratory, office, store equipment and signboard	5-20
Demo equipment, research and development equipment and machinery	10
Renovation	10-20

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

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates.

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 H on impairment of assets.

An item of property, plant and equipment is recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

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.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

---

### **E. INVESTMENT PROPERTIES**

Investment properties comprising principally land and buildings held for long term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment properties are stated at fair value, representing open-market value determined annually by external valuers or assessed by directors. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. If this information is not available, the Group will use alternative valuation method such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers or as assessed by directors. Changes in fair values are recorded in the income statements as part of other income or other expenses.

On disposal of an investment property or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognized (eliminated from the balance sheet). The difference between that the net disposal proceeds and the carrying amounts is recognized in the income statement in the period of the retirement or disposal.

### **F. INVESTMENTS**

Investments in subsidiaries, associates and joint venture entities are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down 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.

#### **(iii) Joint Controlled Entities**

Jointly controlled entities are corporations, partnerships, and other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled assets and liabilities arising from its joint venture arrangements have been accounted for in the financial statements using the line-by-line reporting format for the proportionate consolidation.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

---

### **F. INVESTMENTS (CONT'D)**

#### **(iii) Joint Controlled Entities (Cont'd)**

The Group recognizes the portion of gains and losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognize its share of profits or losses from the joint venture that result from purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transactions is recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets or an impairment loss.

Where necessary, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with the Group.

#### **(iv) 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.

### **G. DEVELOPMENT EXPENDITURE**

Costs that are directly associated with the development of projects which will ultimately produce Carbon Emission Reductions ('CERs') and qualify for capitalization and recognition are categorized as development expenditure. It must be probable that the related costs will generate future economic benefits and that amount capitalized are clearly identifiable and allocated to specific projects. Costs include the Clean Development Mechanism ('CDM') expenses like preparation of Project Design Documents ('PDDs'), stakeholders meeting, validation, monitoring, verification and related consulting fees.

Capitalized development expenditure is measured at cost less accumulated amortization and impairment losses, if any. Development expenditure initially recognized as an expenses are not recognized as assets in the subsequent period .

The development expenditure is amortized based on the product's economic benefits consumed by the Company over a period of not exceeding 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written off to its recoverable amount.

### **H. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for that asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

---

### **H. IMPAIRMENT OF ASSETS (CONT'D)**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

### **I. INVENTORIES**

Inventories comprising raw materials, finished goods and laboratory supplies are valued at the lower of cost and net realizable 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. Cost of finished goods and work-in-progress includes raw materials, labour and an appropriate proportion of production overheads.

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

### **J. RECEIVABLES**

Receivables are carried at book value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts. Bad debts are written off in the year in which they are identified.

### **K. 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.

Bank overdraft are included within borrowings in current liabilities on the balance sheet.

### **L. 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.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

---

### **M. LEASE PAYMENT**

#### **i) Finance Lease**

Property, plant and equipment acquired by way of hire purchase or finance lease where the Group assumes substantially all the benefits and risks of ownership are classified as finance lease.

Finance lease are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the lease principal outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability of each period.

Property, plant and equipment acquired under finance lease contracts is depreciated over the useful life of the asset. 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.

#### **ii) Operating lease**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Lease of assets where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease payments made under operating lease are charged to the income statement over the lease period.

In the case of a lease of land, the minimum lease payments or the up-front payments made represents prepaid land lease payments and are recognised on a straight-line basis over the lease term.

### **N 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 for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

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 utilized. 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 utilized, 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.

### **O. INTANGIBLE ASSET - GOODWILL ON CONSOLIDATION**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### **P. 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.

### **Q. DIVIDENDS**

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

### **R. 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.

The closing rates used in translating the monetary assets and liabilities are as follows:-

	2007	2006
USD 1.00 =	RM 3.31	RM3.53
SGD 1.00 =	RM 2.32	RM2.30

### **S. 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.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

---

### **T. 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.

### **U. 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.

### **V. PAYABLES**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### **W. EMPLOYEE BENEFITS**

#### **(i) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and not monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

Bonus is recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

#### **(ii) Defined contribution plans**

Obligations for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

---

### **X. NON-CURRENT ASSET CLASSIFIED AS ASSETS HELD FOR SALE**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the assets (or disposal group) are available for immediate sale in its present condition and the sale is highly probable subject only to terms that are usual and customary.

On initial classification as held for sale, non-currents assets are measured at the lower of its carrying amount and fair value less costs to sell. Immediately before the initial classification of the assets as held for sale, the carrying amount of the assets (all the assets and liabilities of the disposal group) are measured in accordance with applicable FRSs.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. Subsequent increase in fair value less costs to sell its recognised as a gain in the income to the extent of the cumulative impairment loss that has been recognised previously.

### **Y. EFFECTS ARISING FROM ADOPTION OF NEW/REVISED FRSS**

The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSS are discussed below:-

#### **i) FRS 117 Leases**

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases or other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interest in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortized amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as disclosed in Note 31 to the financial statements, certain comparatives have been restated.

#### **ii) FRS 140 - Investment Property**

Investment properties are properties which are owned and held to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner occupied rather than investment properties. Investment properties are stated at cost less accumulated depreciation and impairment loss.

In the previous years, all investment properties were included in property, plant and equipment. Following the adoption of FRS 140 these investment properties are now classified separately. Transfers between investment property and property, plant and equipment do not change the carrying value of the properties transferred.

The current year's presentation of the Group's financial statements is based on the revised requirements of FRS 140, with the comparatives have been restated to conform with the current year's presentation.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

---

### **Z. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

#### **(a) Critical judgment made in applying accounting policy**

There are no critical judgments made by management in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in these financial statements.

#### **(b) Key sources of estimation uncertainty**

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **(i) Impairment on goodwill**

The Group test goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the Cash Generating Units ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Further details of the estimates used are disclosed in Note 10.

##### **(ii) Income taxes**

Judgment is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the period in which the outcome is known.

##### **(iii) Depreciation of property, plant and equipment**

The estimates of the residual values, useful lives and related depreciation charges for its property, plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipates that the residual values of its property, plant and equipment to be insignificant. As a result, residual values have not been taken into consideration for the computation of depreciable amount.

The depreciation charge will increase when useful lives are less than those previously estimated.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

### 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 5 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 Berhad.

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, Selangor, Malaysia.

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

### 2. PROPERTY, PLANT AND EQUIPMENT

#### i) Group

	Freehold land and buildings RM	Leasehold land and Buildings RM	Motor vehicles RM	Furniture and and Fittings, laboratory, office, store equipment and signboard RM	Demo equipment, R and D equipment and machinery RM	Plant in progress RM	Electrical Fittings RM	Renovation RM	Total RM
<b>Cost/Valuation</b>									
Balance as at									
1 January 2006	8,713,505	3,018,630	3,210,824	4,208,782	271,316	45,000	61,928	449,518	19,979,503
Additions	128,869	7,875	45,478	736,312	-	-	43,732	115,506	1,077,772
Disposal	(1,234,825)	-	(42,969)	(5,476)	-	-	(15,000)	-	(1,298,270)
Written off	-	-	-	(17,530)	-	-	-	-	(17,530)
Offset of accumulated depreciation on property transferred to investment properties	(111,342)	-	-	-	-	-	-	-	(111,342)
Offset of accumulated depreciation on land transferred to prepaid lease payment	-	(142,265)	-	-	-	-	-	-	(142,265)
Transfer to investment properties	(1,498,658)	-	-	-	-	-	-	-	(1,498,658)
Transfer to prepaid lease payments	-	(2,884,240)	-	-	-	-	-	-	(2,884,240)
Balance as at									
31 December 2006/ 1 January 2007	5,997,549	-	3,213,333	4,922,088	271,316	45,000	90,660	565,024	15,104,970

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### i) Group (Cont'd)

	Freehold land and buildings RM	Leasehold land and Buildings RM	Motor vehicles RM	Furniture and and Fittings, laboratory, office, store equipment and signboard RM	Demo equipment, R and D equipment and machinery RM	Plant in progress RM	Electrical Fittings RM	Renovation RM	Total RM
<b>Cost/Valuation (Cont'd)</b>									
Additions	-	-	165,500	452,673	15,800	76,882	-	9,188	720,043
Disposal	-	-	(136,477)	(29,429)	-	-	-	-	(165,906)
Written off	-	-	(33,558)	(81,750)	-	(45,000)	(1,080)	(8,610)	(169,998)
Offset of accumulated depreciation on property transferred to investment properties	(13,187)	-	-	-	-	-	-	-	(13,187)
Transfer to investment properties	(106,813)	-	-	-	-	-	-	-	(106,813)
Transfer to non current assets held for sale	-	-	-	(170,885)	-	-	-	-	(170,885)
Balance as at 31 December 2007	5,877,549	-	3,208,798	5,092,697	287,116	76,882	89,580	565,602	15,198,224
<b>Accumulated Depreciation</b>									
Balance as at 1 January 2006	371,908	142,265	1,596,950	2,369,409	86,910	-	38,992	245,487	4,851,921
Charges for the financial year	75,965	-	293,839	413,545	27,082	-	6,596	49,026	866,053
Disposal	(59,842)	-	(42,969)	(1,549)	-	-	(3,750)	-	(108,110)
Written off	-	-	-	(17,530)	-	-	-	-	(17,530)
Offset of accumulated depreciation on property transferred to investment properties	(111,342)	-	-	-	-	-	-	-	(111,342)
Offset of accumulated depreciation on land transferred to prepaid lease payment	-	(142,265)	-	-	-	-	-	-	(142,265)
Balance as at 31 December 2006/ 1 January 2007	276,689	-	1,847,820	2,763,875	113,992	-	41,838	294,513	5,338,727

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### i) Group (Cont'd)

	Freehold land and buildings RM	Leasehold land and Buildings RM	Motor vehicles RM	Furniture and and Fittings, laboratory, office, store equipment and signboard RM	Demo equipment, R and D equipment and machinery RM	Plant in progress RM	Electrical Fittings RM	Renovation RM	Total RM
<b>Accumulated Depreciation (Cont'd)</b>									
Charges for the financial year	51,668	-	283,734	367,469	32,376	-	5,668	45,331	786,246
Disposal	-	-	(93,239)	(12,519)	-	-	-	-	(105,758)
Written off	-	-	(33,558)	(51,280)	-	-	(378)	(3,013)	(88,229)
Offset of accumulated depreciation on property transferred to investment properties	(13,187)	-	-	-	-	-	-	-	(13,187)
Transfer to non current assets held for sale	-	-	-	(53,635)	-	-	-	-	(53,635)
Balance as at 31 December 2007	315,170	-	2,004,757	3,013,910	146,368	-	47,128	336,831	5,864,164
<b>Net Carrying Amount</b>									
As at 31 December 2007	5,562,379	-	1,204,041	2,078,787	140,748	76,882	42,452	228,771	9,334,060
As at 31 December 2006	5,720,860	-	1,365,513	2,158,213	157,324	45,000	48,822	270,511	9,766,243

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### ii) Company

	Renovation RM	Furniture and fittings, laboratory, office and store equipment RM	Total RM
<b>Cost</b>			
Balance as at 1 January 2006	62,812	32,636	95,448
Additions	1,570	–	1,570
<hr/>			
Balance as at 31 December 2006/ 1 January 2007	64,382	32,636	97,018
Additions	–	2,348	2,348
<hr/>			
Balance as at 31 December 2007	64,382	34,984	99,366
<hr/>			
<b>Accumulated Depreciation</b>			
Balance as at 1 January 2006	17,848	8,136	25,984
Charge for the financial year	6,438	3,264	9,702
<hr/>			
Balance as at 31 December 2006/ 1 January 2007	24,286	11,400	35,686
Additions	6,438	3,437	9,875
<hr/>			
Balance as at 31 December 2007	30,724	14,837	45,561
<hr/>			
<b>Net Carrying Amount</b>			
At 31 December 2007	33,658	20,147	53,805
<hr/>			
At 31 December 2006	40,096	21,236	61,332
<hr/>			

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The freehold land and buildings and the leasehold land of the Group were revalued based on independent valuation reports in 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:

The Group	Cost RM	Accumulated depreciation RM	Net Carrying Amount RM
<b>2007</b>			
Freehold land and buildings	3,655,527	301,822	3,353,705
<b>2006</b>			
Freehold land and buildings			
As previously stated	5,097,894	389,130	4,708,764
Effect of adoption FRS 140	(1,365,207)	(199,238)	(1,265,789)
As restated	3,732,687	189,892	3,442,975
Leasehold land and buildings			
As previously stated	422,901	23,913	398,988
Effect of adoption FRS 117	(422,901)	(23,913)	(398,988)
As restated	-	-	-

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

	Group	
	2007 RM	2006 RM
Motor vehicles		
- additions during the year	76,500	-
- net book value at year end	141,234	1,116,277

#### Net book value of assets pledged as security for bank borrowings:

Freehold land and buildings	426,090	542,903
-----------------------------	---------	---------

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 3. INVESTMENT PROPERTIES

	2007 RM	Group 2006 RM
Carrying amount at beginning of the year	1,498,658	–
Effect of adoption of FRS 140	–	1,498,658
As restated	1,498,658	1,498,658
Transfer from property, plant and equipment	106,813	–
Carrying amount at end of the year	1,605,471	1,498,658
Analysed as:		
Freehold land and buildings	1,605,471	1,498,658

The carrying amounts of the investment properties approximated their fair value.

Investment properties with carrying amounts of RM 420,696 (2006: RM 313,883) have been charged to a financial institution for credit facilities granted to the Group.

### 4. PREPAID LEASE PAYMENT

	2007 RM	Group 2006 RM (Restated)
Carrying amount at beginning of the year	2,839,329	2,884,240
Amortisation recognised income statements	(44,588)	(44,911)
Carrying amount at end of the year	2,794,741	2,839,329
Analysed as:		
Long term leasehold land	2,794,741	2,839,329

The leasehold land were revalued by the Directors based on valuations carried out by professional valuers to reflect open market value for existing use. As allowed by the transitional provisions of FRS 117, where the leasehold land had been previously revalued, the unamortised revalued amount of leasehold land is retained as the surrogate cost of prepaid lease payment and is amortised over the remaining lease term of the leasehold land.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 5. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2007 RM	2006 RM
Unquoted shares - at cost	18,852,449	18,854,549

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

Name of Company	Principal activities	Effective interest	
		2007	2006
Brite-Tech Corporation Sdn. Bhd.	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.	100%	100%
Hooker Chemical Sdn. Bhd.	To provide consultation, environmental impact studies, engineering design, construction, installation and commissioning of water purification, recycling and wastewater treatment systems.	100%	100%
Rank Chemical Sdn. Bhd.	To provide rental of portable ion-exchange resin columns and supply of institutional housekeeping chemicals, industrial maintenance chemicals and hotel amenities.	100%	100%
Spectrum Laboratories Sdn. Bhd.	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.	100%	100%
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.)	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.	100%	100%



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 5. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Name of Company	Principal activities	Effective interest	
		2007	2006
<p>Spectrum Laboratories (Johore) Sdn. Bhd.</p> <p>(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.)</p>	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.	100%	100%
Brite-Tech (Sabah) Sdn. Bhd.	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.	89%	89%
Renown Orient Sdn. Bhd.	To provide general trading, investment holdings, water treatment services and other related business. The Company has not commenced business operation since its incorporation date.	100%	100%
Brite-Tech Ventures Sdn. Bhd	To carry on the business of water and waste water treatment services, and related businesses and in particular, to undertake environmental projects under the Clean Development Mechanism of the Kyoto Protocol including co-composting projects; provide integrated services in water and wastewater treatment; supply of water treatment chemical, treatment systems and equipment; and other related business.	100%	100%
* Sincere United Sdn. Bhd.	To import and export chemical and other raw materials.	70%	70%
* Tan-Tech Polymer Sdn. Bhd.	To provide consultancy services and manufacturing of polymers and its related products.	60%	60%

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 5. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Name of Company	Principal activities	Effective interest	
		2007	2006
<b>Subsidiary company of Brite-Tech Corporation Sdn. Bhd.</b>			
Cybond Chemical Sdn. Bhd.	To provide water treatment chemicals and provide other related services.	100%	100%

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

#### Dilution of interest in Subsidiary Company

On 13 February 2007, the company's equity interest in Brite-Tech Ventures Sdn Bhd was diluted from 100% to 50%. As a result, Brite-Tech Ventures Sdn. Bhd. has ceased to be subsidiary company to the Company. Brite-Tech Ventures Sdn. Bhd. are engaged in general trading and investment holdings, water treatment services and other related business. The subsidiary was previously reported as part of the investment segment.

As a result of the dilution of interest, the following assets and liabilities of Brite-Tech Ventures Sdn. Bhd. at the effective date of dilution of interest was deconsolidated from consolidated balance sheet:

	RM
<b>Assets and liabilities:</b>	
Cash and bank	4,417
Other payables	(2,865)
Amount due to holding Company	(17,900)
Reserve on Consolidation	(2,098)
Net liabilities	(18,446)
Reversal of Group's share of net liabilities	18,446
	-
Net cash outflow on dilution of interest in subsidiary company	(4,417)

### 6. INVESTMENTS IN JOINT VENTURES ENTITIES

	Company	
	2007 RM	2006 RM
Unquoted shares; at cost	252,098	-

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 6. INVESTMENTS IN JOINT VENTURES ENTITIES (CONT'D)

Name of Company	Principal activities	Effective interest	
		2007	2006
Brite-Tech Ventures Sdn. Bhd.	To carry on the business of water and waste water treatment services, and related businesses and in particular, to undertake environmental projects under the Clean Development Mechanism of the Kyoto Protocol including co-composting projects; provide integrated services in water and wastewater treatment; supply of water treatment chemical, treatment systems and equipment; and other related business.	50%	100%

The Group's share of income and expenses, assets and liabilities of the jointly ventures entity are as follows:

	2007 RM	2006 RM
Income	-	-
Expenses	(69,338)	-
Share of loss after taxation	(69,338)	-
Non-current assets	165,519	-
Current assets	96,135	-
Current liabilities	(89,165)	-
Share of assets	172,489	-

### 7. INVESTMENT IN ASSOCIATED COMPANY

The details of the associated company, which is incorporated in Malaysia, is as follow:

Name of Company	Principal activities	Effective interest	
		2007	2006
Hooker Chemical (Johore) Sdn. Bhd.	Dealing with water and wastewater treatment system. It has ceased business on 1 June 2001.	19%	19%

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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 8. OTHER INVESTMENT

	2007 RM	Group 2006 RM
Unit trust; at cost	20,000	20,000
Market value	40,070	29,368

### 9. INTANGIBLE ASSET - DEVELOPMENT EXPENDITURE

	2007 RM	Group 2006 RM
<b>Cost</b>		
At beginning of the year	-	-
Additions during the year	88,637	-
At end of the year	88,637	-
Accumulated Amortisation	-	-
Net carrying amount as at end of the year	88,637	-

Development expenditure principally comprise expenditure on development costs on major projects where it is reasonably anticipated that the costs will be recovered through future commercial activity.

No development expenditure has been amortised to income statement as the products are not ready for their intended use.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 10. INTANGIBLE ASSET - GOODWILL ON CONSOLIDATION

(a)	Group	
	2007 RM	2006 RM (Restated)
<b>Cost</b>		
At beginning of the year	5,418,052	5,673,546
Effect of adopting FRS 3	-	(255,494)
At end of the year	5,418,052	5,418,052
<b>Accumulated amortisation</b>		
At beginning of the year	-	255,494
Effect of adopting FRS 3	-	(255,494)
At end of the year	-	-
Net carrying amount as at end of the year	5,418,052	5,418,052

(b) The net carrying amounts of goodwill allocated to the Group's CGU are as follows:

	Company	
	2007 RM	2006 RM
Manufacturing - CGU 1	2,170,144	2,170,144
Trading - CGU 2	3,247,908	3,247,908
	5,418,052	5,418,052

#### Impairment test on CGU 1 and CGU 2

The recoverable amounts of CGU 1 and 2 were determined based on value-in-use calculations using cash flow projections. Based on the calculations, there were no impairment losses on CGU 1 and 2 as the recoverable amounts of CGU 1 and 2 were higher than their carrying amounts as at the balance sheet date.

Value-in-use of CGU 1 and 2 was determined by discounting the future cash flows generated from the continuing use of CGU 1 and 2 based on the following assumptions:

- (i) Pre-tax cash flow projections based on the most recent financial budgets approved by the Directors covering a 5-years period.
- (ii) Pre-tax discount rate of 5.00% for CGU1 and 2 were applied determining the recoverable amounts of CGU 1 and 2. These discount rates were estimated based on the respective CGU's weighted average cost of capital.

With regard to the assessment of value-in-use of CGU 1 and 2, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 11. INVENTORIES

	2007 RM	Group 2006 RM
<b>At cost</b>		
Laboratory supplies	146,339	150,668
Raw materials	1,615,583	1,665,965
Finished goods	971,126	1,275,201
Work-in-progress	11,239	16,058
	2,744,287	3,107,892

### 12. TRADE RECEIVABLES

	2007 RM	Group 2006 RM
Trade receivables	6,994,395	8,453,565
Less: Allowance for doubtful debts	(201,348)	(672,676)
	6,793,047	7,780,889

The Group's normal credit term is 90 to 120 days. Other credit terms are assessed and approved on a case by case basis.

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

	2007 RM	Group 2006 RM
US Dollar	66,068	461,669

### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	214,440	204,432	-	-
Deposits	164,327	58,870	3,687	3,500
Prepayments	2,550	82,825	-	-
	381,317	346,127	3,687	3,500

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 14. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

The amount due from/(to) subsidiary companies represented advances and non-trade transactions which are unsecured, interest-free and have no fixed terms of repayment.

### 15. CASH AND BANK BALANCES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash in hand	51,285	67,026	5,919	7,204
Cash at bank	1,505,290	1,057,818	57,300	272,223
	1,556,575	1,124,844	63,219	279,427

### 16. AMOUNT DUE TO CONTRACT CUSTOMERS

	Group	
	2007 RM	2006 RM
Aggregate costs incurred to date	110	575,706
Add: Attributable profits	42,345	320,901
	42,455	896,607
Less: Progress billings	(123,760)	(914,680)
	(81,305)	(18,073)

### 17. TRADE PAYABLES

	Group	
	2007 RM	2006 RM
Trade payables	1,897,411	1,916,355

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	
	2007 RM	2006 RM
Singapore Dollar	–	4,570

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	705,053	291,956	-	-
Accruals	142,686	440,747	123,097	56,939
Deposits received	47,360	17,360	-	-
	895,099	750,063	123,097	56,939

### 19. BORROWINGS

	Group	
	2007 RM	2006 RM
<b>Current liabilities</b>		
<b>Secured</b>		
Bank overdraft	121,422	145,781
Bills payable	517,029	1,234,360
Finance lease liabilities	61,301	376,925
Term loans	-	142,303
	699,752	1,899,369
<b>Long term liabilities</b>		
<b>Secured</b>		
Finance lease liabilities	128,771	183,290
<b>Total borrowings</b>		
Bank overdraft	121,422	145,781
Bills payable	517,029	1,234,360
Finance lease liabilities	190,072	560,215
Term loans	-	142,303
	828,523	2,082,659

	Group	
	2007 %	2006 %
Interest rates on the above are as follows:		
Bank overdraft	7.30 - 8.00	7.30 - 8.00
Bills payable	7.50	7.50
Finance lease liabilities	5.57-11.24	5.57-11.24
Term loans	-	4.27



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 19. BORROWINGS (CONT'D)

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 certain land and buildings; and
- corporate guarantee by the Company.

#### FINANCE LEASE LIABILITIES

	2007 RM	Group 2006 RM
Minimum lease payment		
- not later than one year	70,287	400,421
- later than one year and not later than five years	139,050	199,928
	209,337	600,349
Less: Future interest charges	(19,265)	(40,134)
Present value of finance lease liabilities	190,072	560,215

	2007 RM	Group 2006 RM
Repayable as follows:		
Current liabilities		
- not later than one year	61,301	376,925
Long term liabilities		
- later than one year and not later than five years	128,771	183,290
	190,072	560,215

There is no finance lease liabilities later than five years.

#### TERM LOAN - SECURED

	2007 RM	Group 2006 RM
Term loan repayable by thirty six equal monthly instalments of RM14,925 each commencing 1 November 2004	-	142,303
Repayable as follows:		
Current liabilities		
- not later than one year	-	142,303

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 20. NON-CURRENT ASSETS HELD FOR SALE

	2007 RM	Group 2006 RM
The assets held for sale comprise the following:		
a) Property, plant and equipment		
At cost	170,885	-
Accumulated depreciation	(53,635)	-
Net carrying amount	117,250	-
b) Inventory held for sale, at cost	36,084	-
	153,334	-

### 21. SHARE CAPITAL

	Group and Company	
	2007 RM	2006 RM
Ordinary shares of RM0.10 each:		
Authorised	25,000,000	25,000,000
Issued and fully paid	15,000,000	15,000,000

### 22. RESERVES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable:				
Share premium reserve	8,019,296	8,019,296	8,019,296	8,019,296
Distributable:				
Unappropriated profit	6,976,952	5,922,414	1,953,180	607,231
	14,996,248	13,941,710	9,972,476	8,626,527

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 23. DEFERRED TAX LIABILITIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At beginning of financial year	344,155	294,147	5,433	5,345
Recognised in the income statement	81,283	50,039	(233)	88
Transfer to revaluation reserve	–	(31)	–	–
At end of financial year	425,438	344,155	5,200	5,433

The deferred tax liabilities are made up of the following:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Property, plant and equipment The tax effect of the excess of property, plant and equipment's carrying value over its tax base	425,438	390,311	5,200	5,433
General allowance for doubtful debts	–	(46,156)	–	–
	425,438	344,155	5,200	5,433

### 24. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Management fee receivable	–	–	1,440,000	1,380,000
Dividend received and receivable	–	–	1,896,685	797,346
Contract fees	207,043	–	–	–
Trading sales and services	19,621,310	23,883,545	–	–
	19,828,353	23,883,545	3,336,685	2,177,346

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 25. PROFIT BEFORE TAXATION

i)	Group		Company	
	2007 RM	2006 RM (Restated)	2007 RM	2006 RM
Profit before taxation is arrived at -				
<b>After charging:-</b>				
Allowance for doubtful debts	148,968	133,372	-	-
Auditors' remuneration	47,400	44,500	3,000	1,500
Bad debts written off	106,447	118,200	-	-
Loss on dilution of interest in subsidiary company	18,446	-	-	-
Depreciation on property, plant and equipment	786,246	866,053	9,875	9,702
Directors' remuneration:				
- Salaries	1,208,908	1,096,544	838,656	774,144
- Fees	298,500	290,400	298,500	290,400
Interest expenses:				
- Finance lease interest	16,424	44,795	-	-
- Bank overdraft interest	8,848	43,670	-	-
- Term loan interest	5,117	11,194	-	-
- LC charges & TR interest	91,972	76,402	-	-
- Other interest	631	-	-	-
- Overdue interest	850	-	-	-
Late payment interest	-	66	-	36
Loss on disposal of property, plant and equipment	19,032	727	-	-
Loss on foreign currency exchanged	-	13,372	-	-
Unrealised loss on foreign currency exchanged	-	8,939	-	-
Property, plant and equipment written off	81,768	-	-	-
Research and development expenditure	3,639	4,012	-	-
Rental of premises	103,781	52,970	-	-
Rental of factory	-	28,600	-	-
Amortisation of prepaid lease payment	44,588	44,911	-	-
Sundry deposit written off	500	-	-	-
<b>And crediting:-</b>				
Bad debts recovered	49,608	15,340	-	-
Dividend receivable	-	-	1,896,685	797,346
Gain on disposal of property, plant and equipment	48,752	151,212	-	-
Gain on currency exchanged	10,599	12,103	-	-
Interest income received from:				
- Fixed deposit interest	81,770	26,296	19,419	16,528
- Other interest	312	225	-	-
Management fee receivable	-	-	1,440,000	1,380,000
Rental received	75,630	83,700	-	-
Unrealised gain on foreign exchanged	21,728	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 25. PROFIT BEFORE TAXATION (CONT'D)

#### ii) STAFF COSTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Staff costs for the financial year	4,417,435	4,466,240	1,189,218	1,116,078

### 26. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-executive Directors:				
- fees	22,500	14,400	22,500	14,400
Executive Directors:				
- salaries	1,208,908	1,096,544	838,656	774,144
- fees	276,000	276,000	276,000	276,000
	1,507,408	1,386,944	1,137,156	1,064,544

### 27. TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax based on profit for the financial year:				
Malaysian income tax	581,277	439,480	225,000	249,000
Deferred tax	81,283	50,039	(233)	88
(Over)/under provision of taxation in prior years	17,130	(8,416)	(719)	2,294
	679,690	481,103	224,048	251,382

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 : 27% (2006:28%)

Income tax expense for the Company is calculated based on the statutory income tax rate of Malaysia at 27% (2006: 28%) of the estimated taxable profit for the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 27. TAXATION (CONT'D)

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before taxation ("PBT")	2,111,280	1,810,045	1,876,596	858,457
Tax expense	679,690	481,103	224,048	251,382

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
- Income tax using Malaysian tax rate of 27% (2006 : 28%)	570,046	506,813	506,681	240,368
- Effect of tax saving at statutory tax rate of 20%	(159,584)	(142,994)	-	-
- (Over)/under provision of income tax in prior year	17,130	(8,416)	(719)	2,294
- Deferred taxation	81,283	50,039	(233)	88
- Income not subject to income tax	(90,184)	(41,631)	(315,268)	-
- Non-deductible expenses	428,627	262,095	52,353	8,632
- Utilisation of capital allowances	(167,628)	(144,804)	(18,766)	-
- Tax expenses	679,690	481,103	224,048	251,382

As at 31 December 2007, 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 2007.

### 28. 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	
	2007 RM	2006 RM	2007 RM	2006 RM
Net profit attributable to ordinary shareholders	1,361,138	1,298,386	1,652,549	607,075
Issued ordinary shares	150,000,000	150,000,000	150,000,000	150,000,000
Basic earnings per share (sen)	0.91	0.87	1.10	0.40

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 29. 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	
	2007 RM	2006 RM	2007 RM	2006 RM
Purchase of property, plant and equipment (Note 2)	720,043	1,077,772	2,348	1,570
Financed by finance lease arrangement	(43,300)	–	–	–
Cash payments on purchase of property, plant and equipment	676,743	1,077,772	2,348	1,570

### 30. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances (Note 15)	1,556,575	1,124,844	63,219	279,427
Fixed deposits with licensed banks	3,015,155	1,977,769	780,000	550,000
Bank overdraft (Note 19)	4,571,730 (121,422)	3,102,613 (145,781)	843,219 –	829,427 –
	4,450,308	2,956,832	843,219	829,427

### 31. RESTATEMENT OF COMPARATIVES

The following comparative amounts of the Group and the Company for 31 December 2006 have been restated as a result of adopting the new and revised FRSs:

	As Previously Reported RM	Increase/ (Decrease) RM	As Restated RM
<b>The Group</b>			
<b>Balance sheet</b>			
Property, plant and equipment	14,104,230	(4,337,987)	9,766,243
Investment properties	–	1,498,658	1,498,658
Prepaid lease payment	–	2,839,329	2,839,329
<b>Cash Flow Statements</b>			
Depreciation of property, plant and equipment	910,964	(44,911)	866,053
Amortisation of prepaid lease payment	–	44,911	44,911

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 32 SEGMENT INFORMATION

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.

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

2007  
Group

#### Primary reporting - Business segments

	Environmental products and services RM	System equipment and ancillary products RM	Investments RM	Eliminations RM	Group RM
<b>REVENUE</b>					
External revenue	15,952,370	3,875,983	–	–	19,828,353
Inter-segment revenue	377,123	511,337	3,336,685	(4,225,145)	–
<b>Total revenue</b>	<b>16,329,493</b>	<b>4,387,320</b>	<b>3,336,685</b>	<b>(4,225,145)</b>	<b>19,828,353</b>



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 32. SEGMENT INFORMATION (CONT'D)

	Environmental products and services RM	System equipment and ancillary products RM	Investments RM	Eliminations RM	Group RM
<b>RESULT</b>					
Segment results (external)	2,192,826	24,729	(69,685)	–	2,147,870
Interest income	62,462	–	19,419	–	81,881
Finance costs	(113,595)	(4,876)	–	–	(118,471)
Profit before taxation	2,141,693	19,853	(50,266)	–	2,111,280
Taxation					(679,690)
Profit after taxation					1,431,590
Minority interests					(70,453)
Net profit for the year					1,361,137
<b>OTHER INFORMATION</b>					
Segment assets	18,100,347	7,545,507	8,258,822		33,904,676
Segment liabilities	2,992,923	690,879	128,274		3,812,076
Capital expenditure	609,295	108,400	2,348		720,043
Depreciation	506,716	269,655	9,875		786,246
Non-cash expenses other than depreciation	219,372	146,585	53,792		419,749

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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 32. SEGMENT INFORMATION (CONT'D)

2006 (Restated)

Group

Primary reporting - Business segments

	Environmental products and services RM	System equipment and ancillary products RM	Investments RM	Eliminations RM	Group RM
<b>REVENUE</b>					
External revenue	18,756,458	5,127,087	-	-	23,883,545
Inter-segment revenue	1,476,676	247,437	2,177,346	(3,901,459)	-
Total revenue	20,233,134	5,374,524	2,177,346	(3,901,459)	23,883,545
<b>RESULT</b>					
Segment results (external)	2,286,918	(330,029)	2,696	-	1,959,585
Interest income	9,993	-	16,528	-	26,521
Finance costs	(112,085)	(63,976)	-	-	(176,061)
Profit before taxation	2,184,826	(394,005)	19,224	-	1,810,045
Taxation					(481,103)
Profit after taxation					1,328,942
Minority interests					(30,556)
Net profit for the year					1,298,386
<b>OTHER INFORMATION</b>					
Segment assets	17,282,596	8,285,071	8,312,136		33,879,803
Segment liabilities	3,828,514	1,102,194	437,248		5,367,956
Capital expenditure	989,440	78,888	9,444		1,077,772
Depreciation	497,595	323,087	45,371		866,053
Non-cash expenses other than depreciation	68,695	201,786	35,668		306,149

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 33. SIGNIFICANT INTERCOMPANY AND RELATED PARTY DISCLOSURE

- a) The Company has the following transactions with its subsidiary during the financial year:-

	Company	
	2007 RM	2006 RM
Management fee received/receivable	1,440,000	1,380,000
Dividend received/receivable	1,896,685	797,346

- b) Compensation of key management personnel

The key management personnel comprised mainly executive directors of the Company whose remuneration are disclosed in Note 26.

The Directors of the Company are of the opinion that the related party transactions have been entered into in the normal course of business on an arm's length basis and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

### 34. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2007 RM	2006 RM
Corporate guarantees given to financial institutions for finance lease facilities granted to subsidiary companies	146,700	1,511,400
Corporate guarantees given to financial institutions for banking facilities granted to subsidiary companies	16,410,000	16,410,000
Corporate guarantees in favour of suppliers as security for goods supplied to a subsidiary company	-	130,000
	16,556,700	18,051,400

### 35. DIVIDENDS

	Group and Company			
	2007			2006
	Gross dividend per share sen	Amount of dividend RM	Gross dividend per share sen	Amount of dividend RM
Final dividend proposed, less tax	0.46	510,600	0.28	306,600

As approved by the shareholders at the Annual General Meeting, a final dividend of 0.28 sen per share, less 27% tax, amounting to RM306,000 in respect of the previous financial year was paid on 23 August 2007.

A final dividend of 0.46 sen per share of less 26% tax, amounting to RM 510,600 in respect of the financial year ended 31 December 2007 has been proposed by the Directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by the Company's shareholders, will be accounted for as an appropriation of retained profits in the financial year ending 31 December 2008.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

---

### 36. EVENTS AFTER BALANCE SHEET DATE

On 21 November 2007, the Company proposed the following:-

- (i) Increase in authorised share capital from existing RM 25,000,000 comprising 250,000,000 shares to RM 50,000,000 comprising 500,000,000 shares by the creation of an additional 250,000,000 shares.
- (ii) Proposed bonus issue of 102,000,000 new ordinary shares of RM 0.10 each to be credited as fully paid-up, on the basis of sixty-eight (68) bonus shares for every hundred (100) existing ordinary shares of RM 0.10 each held in Brite-tech at a book closure date to be determined later.

### 37. 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 incurred 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.

The Group maintains a natural hedge, whenever is possible, by matching 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 37. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Interest rate risk (Cont'd)

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>The Group 2007</b>					
<b>Financial Assets</b>					
Deposits with licensed banks	3,015,155	–	–	3,015,155	3.10
<b>Financial Liabilities</b>					
Bank overdraft	121,422	–	–	121,422	7.55-8.30
Bills payable	517,029	–	–	517,029	7.76
Finance lease liabilities	61,301	128,771	–	190,072	5.71-11.84
	699,752	128,771	–	828,523	
<b>The Company 2007</b>					
<b>Financial Assets</b>					
Deposits with licensed banks	780,000	–	–	780,000	3.10
<b>The Group 2006</b>					
<b>Financial Assets</b>					
Deposits with licensed banks	1,977,769	–	–	1,977,769	3.14
<b>Financial Liabilities</b>					
Bank overdraft	145,781	–	–	145,781	7.55-8.30
Bills payable	1,234,360	–	–	1,234,360	7.76
Finance lease liabilities	376,925	183,290	–	560,215	5.71-11.84
Term loan	142,303	–	–	142,303	4.35
	1,899,369	183,290	–	2,082,659	
<b>The Company 2006</b>					
<b>Financial Assets</b>					
Deposits with licensed banks	550,000	–	–	550,000	3.14

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 37. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (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 subsidiary companies for banking facilities and security of goods (see Note 34). In view of the stability of the subsidiary companies' 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 (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.

#### (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:

2007

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Financial Assets</b>				
Other investment	20,000	40,070	–	–

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 37. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

2006

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Financial Assets</b>				
Other investment	20,000	29,368	-	-

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.

### 38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 April 2008.

## STATISTIC OF SHAREHOLDINGS

AS AT 21 APRIL 2008

Authorised Share Capital	- RM25,000,000
Issued and 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	- 597

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of Issued share capital
Less than 100	6	1.01	295	0.00
100 - 1,000	106	17.76	61,900	0.04
1,001 - 10,000	245	41.04	1,287,025	0.86
10,001 - 100,000	175	29.31	6,523,500	4.35
100,001 to less than 5% of issued shares	62	10.38	48,991,582	32.66
5% and above of issued shares	3	0.50	93,135,698	62.09
	597	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*	0.38
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 <sup>+</sup>	44.90
6 Dr. Seow Pin Kwong	182,000	0.12	-	-
7 Cheng Sim Meng	-	-	-	-
8 Yee Oii Pah @ Yee Ooi Wah	290,000	0.19	67,352,894 <sup>^</sup>	44.90
9 Wong Sak Chiew	-	-	-	-

\* 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

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

<sup>^</sup> Deemed interested by virtue of the shareholdings of her spouse, Pang Wee See



## LIST OF 30 LARGEST SHAREHOLDERS

AS AT 21 APRIL 2008

	<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>%</b>
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	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Chong Foong Melw</i>	7,087,100	4.72
5	Kan King Choy	6,080,858	4.05
6	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Sepulohniam A/L M. Somu</i>	3,732,800	2.49
7	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yee Kim Keow</i>	3,673,400	2.45
8	Liang G-E	2,099,408	1.40
9	Lee Ee Lee	2,027,000	1.35
10	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Chong Theen</i>	1,954,600	1.30
11	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yap Chee Seng</i>	1,581,900	1.05
12	Chong Tuck Chiew	1,250,000	0.83
13	Tay Lay Cheng	1,118,600	0.75
14	Toong Chong Seng	962,000	0.64
15	AIBB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Low Kok Tiong</i>	800,000	0.53
16	Chan Yin Juan @ Chin Hin Poon	710,000	0.47
17	Maheswaran A/L Rajamanickam	693,000	0.46
18	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yap Yuen Choy (CEB)</i>	580,000	0.39
19	Phua Sin Loke	500,000	0.33
20	Teo Hwee Mien	485,000	0.32
21	Yap Chee Teong	465,000	0.31
22	HLG Nominees (Asing) Sdn Bhd <i>Exempt An For DBS Bank (Hong Kong) Limited (A/C 5)</i>	539,600	0.29
23	Chong Set Moy	415,400	0.28
24	Tan Boon Sang	415,000	0.28
25	Goh Swee Keng	397,000	0.26
26	Lee Lay Eng	389,800	0.26
27	Loke Kwan Fong	372,700	0.25
28	Lee Wai Sum	362,900	0.24
29	Chong Kim Foo @ Chong Kim Lean	362,800	0.24
30	Yee Kim Keow	328,000	0.22
		136,419,564	90.95

## LIST OF PROPERTIES

AS AT 31 DECEMBER 2007

The following are the properties held by the Group as at 31 December 2007:

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 Carrying Amount as at 31.12.2007 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
P.T. No. 5015 Mukim of Damansara District of Petaling Selangor D.E.*	Freehold Land & Building (Rented to related company)	42,880 sq. ft.	3,103	Triple storey office block and a single storey factory	12	20,402
P.T. No. 12144 Mukim of Kapar District of Kelang Selangor D.E.*	Freehold Land & Building (Operational assets held for owner-occupation)	4,220 sq. ft.	377	Double storey semi-detached factory	28	1,900
				Extension	2	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) (Surplus to the operational requirement)	50,939 sq. ft.	764	Vacant land	-	-

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 Carrying Amount as at 31.12.2007 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S.(M) 1117 Lot No. 4568 Mukim 14 District of Seberang Perai Tengah Pulau Pinang.*	Freehold Building (Rented to related company)	1,540 sq. ft.	215	Double storey shophouse	15	3,322
PTD 85433 H.S.(D) 169547 Mukim Pelentong District of Johor Bahru Johor.*	Freehold Building (Rented to related company)	2,400 sq. ft.	534	Double storey shophouse	16	3,072
P.T. No. 11419 Mukim of Damansara District of Petaling Selangor.*	Freehold Building (Assets held for investments)	1,760 sq. ft.	1,184	Triple storey shophouse	15	5,161

## LIST OF PROPERTIES (Cont'd)

AS AT 31 DECEMBER 2007

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 Carrying Amount as at 31.12.2007 RM'000	Type of Property	Approximate Age of Building	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.	426	Single storey detached factory	8	4,800
H.S.(D) 23144 Lot No. PTD 38519 Mukim and District of Kluang, Johor.*	Freehold Building (Assets held for investment)	1,540 sq. ft.	107	Double storey shophouse	10	2,156
PTD 32881 Mukim and District of Kluang, Johor.*	Freehold Building (Assets held for investments)	1,540 sq. ft.	314	Double storey shophouse	13	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.	267	Double storey semi-detached factory	6	4,675
PTD 42336 Mukim and District of Kluang, Johor. (Date of acquisition: 12 May 2004)	Freehold Building (Operational assets held for owner-occupation)	7,700 sq. ft.	267	Double storey semi-detached factory	6	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 Carrying Amount as at 31.12.2007 RM'000	Type of Property	Approximate Age of Building	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 (60 years, expiring in 2064) (Idle)	87,120 sq. ft.	970	Vacant land	-	-
PLO No. 706 Pasir Gudang Industrial Area Mukim Plentong Daerah Johor Bahru Johor. (Date of acquisition: 22 August 2003)	Leasehold Land (60 years, expiring in 2064) (Idle)	87,120 sq. ft.	970	Vacant land	-	-

## LIST OF PROPERTIES (Cont'd)

AS AT 31 DECEMBER 2007

A summary of the land and building owned by Sincere United Sdn. Bhd. is set out below:

Location	Tenure and Existing Use	Land Area	Net Carrying Amount as at 31.12.2007 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (D) 97263 P.T. No. 27731 Mukim and District of Petaling State of Selangor (Date of acquisition: 17 September 2002) **	Leasehold Land & Building (87 years, expiring in 14/11/2090) (Operational assets held for owner-occupation)	1,604 sq. ft.	215	Single storey terrace factory	20	1,600
H.S. (D) 40981 P.T. No. 14631 Daerah Gombak Bandar Kundang State of Selangor (Date of acquisition: 10 January 2004) ***	Freehold Land & Building (Surplus to the operational requirement)	4,098 sq. ft.	250	Double storey terrace factory	5	1,120

**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.

\*\* means:

The properties were revalued on 10 September 2002. The valuations were carried out by Messrs. JS Valuers Property Consultants (Selangor) Sdn Bhd, registered independent firms of professional valuers based on the fair value market basis.

\*\*\* means:

The properties were revalued on 22 July 2004. The valuations were carried out by Messrs. JS Valuers Property Consultants (Selangor) Sdn Bhd, registered independent firms of professional valuers based on the fair value market basis.



No. of shares held

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 Seventh Annual General Meeting of the Company, to be held at Perdana Room 3, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Wednesday, 21 May 2008 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 Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon		
2.	To declare a final gross dividend of 0.46 sen per ordinary share, less income tax, in respect of the year ended 31 December 2007.		
3.	To approve the payment of Directors' fees for the year ended 31 December 2007.		
	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. Tan Boon Kok		
5.	Ir. Koh Thong How		
6.	Dr. Seow Pin Kwong		
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.....2008

.....  
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

Then fold here

AFFIX  
STAMP

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

1st fold here