Brite-Tech Berhad
(550212-U)

ANNUAL REPORT
2013

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page

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of **Brite-Tech Berhad** will be held at Tioman Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Friday, 23 May 2014 at 10.00 a.m. to transact the following business :-

AGENDA

AS ORDINARY BUSINESS

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

2. To declare a final single tier dividend of 0.63 sen per ordinary share in respect of the financial year ended 31 December 2013. ***(Resolution 1)***

3. To approve the payment of Directors' fees for the financial year ended 31 December 2013. ***(Resolution 2)***

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. Ng Kok Ann ***(Resolution 3)***

   b) Mr. Chan Ah Kien ***(Resolution 4)***

   c) Mr. Kan King Choy ***(Resolution 5)***

5. To consider and if thought fit, pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:

   "**THAT** Dr. Seow Pin Kwong, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." ***(Resolution 6)***

6. To appoint Auditors and to authorise the Directors to fix their remuneration. ***(Resolution 7)***

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed on page 104 of the Annual Report) has been received by the Company for the nomination of Messrs CAS & Associates for appointment as Auditors and of the intention to propose the following ordinary resolution:

   "**THAT** Messrs CAS & Associates be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ecovis AHL and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AS SPECIAL BUSINESS

7. To consider and, if thought fit, pass with or without modification, the following resolutions:-

Ordinary Resolution 1
Authority pursuant to Section 132D of the Companies Act, 1965 for the Directors to issue shares ***(Resolution 8)***

"**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."

Ordinary Resolution 2
Continuing in Office as Independent Non-Executive Director ***(Resolution 9)***

"**THAT** subject to the passing of Resolution 6, authority be and is hereby given to Dr. Seow Pin Kwong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company."

Ordinary Resolution 3
Continuing in Office as Independent Non-Executive Director ***(Resolution 10)***

"**THAT** authority be and is hereby given to Mr. Cheng Sim Meng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company."

8. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that the final single tier dividend of 0.63 sen per share in respect of the financial year ended 31 December 2013, if approved by the shareholders, will be paid on 9 June 2014 to shareholders whose names appear in the Register of Depositors at the close of business on 30 May 2014. 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 30 May 2014 in respect of ordinary transfers; and

b) Shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

By order of the Board

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

Kuala Lumpur
29 April 2014

Explanatory Notes:

1. The Agenda No. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders and hence, is not put forward.

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies 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.

3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. The instrument of appointing a proxy shall be in writing under the hand of the appointer or his 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 in writing in that behalf.

6. The instrument appointing a proxy must be deposited at the Registered Office at 17 & 19, 2nd Floor, Jalan Brunei Barat, Pudu, 55100 Kuala Lumpur, not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof.

7. **Explanatory Note on Special Business – Ordinary Resolution 8**

   The Ordinary Resolution 8 under item 7 is proposed to seek for a renewal of the general mandate ("General Mandate") pursuant to Section 132D of the Companies Act, 1965, and if passed, will give the Directors of the Company authority to allot and issue ordinary 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 General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twelfth Annual General Meeting held on 28 May 2013 and which will lapse at the conclusion of the Thirteenth Annual General Meeting.

   The General Mandate sought will enable the Directors of the Company to allot and issue shares, including but not limited for further placing of shares, for the purpose of funding investment(s), working capital and/or acquisitions, from time to time at such price, upon such terms and conditions, to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit. This would avoid any delay and costs involved in convening a general meeting to specifically approve such an issue of shares.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes: (Cont'd)

8. **Explanatory Note on Special Business – Ordinary Resolutions 9 & 10**

Dr. Seow Pin Kwong and Mr. Cheng Sim Meng are Independent Non-Executive Directors who have served the Company for a cumulative term of more than nine (9) years since 25 May 2002.

In line with the Malaysian Code of Corporate Governance 2012, the Board of Directors has assessed the independence of Dr. Seow Pin Kwong and Mr. Cheng Sim Meng, and has recommended that the approval of the shareholders be sought for them to continue to serve as Independent Non-Executive Directors based on the following:

a) They have fulfilled the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements;

b) They have vast experiences in various industries and as such can contribute to the Board with their wide expertise and independent judgement. They have also actively participated in Board deliberations and decision making in an objective manner.

c) They have been with the Company for more than nine years and are familiar with the Group's activities and corporate history and have devoted sufficient time and attention to their roles and responsibilities as Independent Non-Executive Directors for informed and balanced decision making; and

d) They have exercised due care during their tenure as Independent Non-Executive Directors in the Company and carried out their professional duties in the interest of the Company and shareholders.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

a) Directors standing for re-election/re-appointment at the Thirteenth Annual General Meeting of the Company

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

- Mr. Ng Kok Ann (Independent Non-Executive Director)
- Mr. Chan Ah Kien (Executive Director)
- Mr. Kan King Choy (Executive Director)

The Director who is retiring, pursuant to Section 129 of the Companies Act, 1965 and standing for re-appointment is as follows:

- Dr. Seow Pin Kwong (Independent Non-Executive Director)

Further details of the Directors who are standing for re-election/re-appointment at the Thirteenth Annual General Meeting are set out in the Directors' Profile on pages 8 to 11 of the Annual Report and information on their shareholdings are listed on page 99 of the Annual Report.

b) Details of attendance of Directors at Board Meetings

The details of attendance of the Directors at Board meetings held during the financial year ended 31 December 2013 are as disclosed in the Corporate Governance Statement set out on page 16 of this Annual Report.

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

The Thirteenth Annual General Meeting of **Brite-Tech Berhad** will be held at Tioman Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Friday, 23 May 2014 at 10.00 a.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pang Wee See	Executive Chairman
Tan Boon Kok	Executive Director
Chan Ah Kien	Executive Director
Kan King Choy	Executive Director
Ir. Koh Thong How	Non-Independent Non-Executive Director
Dr. Seow Pin Kwong	Independent Non-Executive Director
Cheng Sim Meng	Independent Non-Executive Director
Ng Kok Ann	Independent Non-Executive Director
Yee Oii Pah @ Yee Ooi Wah	Alternate Director to Pang Wee See

AUDIT COMMITTEE

Dr. Seow Pin Kwong (Chairman)
Cheng Sim Meng
Ng Kok Ann

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

BUSINESS OFFICE

Lot 14, Jalan Pendamar 27/90
Seksyen 27, 40000 Shah Alam
Selangor Darul Ehsan
Tel.: 03-5192 8188/8288/8388
Fax: 03-5191 8188
Email: admin@brite-tech.com.my
Website: www.brite-tech.com

AUDITORS

Ecovis AHL
9-3, Jalan 109F, Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur

SHARE REGISTRAR

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

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name: BTECH
Stock Code: 011

DIRECTORS' PROFILE

PANG WEE SEE Executive Chairman

Pang Wee See, a Malaysian, aged 62, 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 Brite-Tech Corporation Sdn Bhd in 1980. He left Federal Rubber Products in 1984 to manage Brite-tech Corporation Sdn Bhd and later expanded to set up the Group.

As a founder of the Group, with his excellent entrepreneurial skills and more than 25 years of experience, he has steered the Group to become an established and acclaimed total solution provider in water and wastewater treatment and laboratory services. He sits on the Board of other private companies and also sits on the Board of Yayasan Maha Karuna, a charity organization. He does not hold directorship of any other public listed company.

He 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 attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2013.

TAN BOON KOK Executive Director

Tan Boon Kok, a Malaysian, aged 56, was appointed to the Board on 25 May 2002.

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 Brite-Tech Corporation Sdn Bhd in 1983 as Sales Executive and later was promoted to Sales Manager in 1986. He has been with the Group for more than 25 years.

He does not have any family relationship with other Directors and/or major shareholder of the Company. 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 does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2013.

CHAN AH KIEN Executive Director

Chan Ah Kien, a Malaysian, aged 51, was appointed to the Board on 25 May 2002.

He co-founded Hooker Chemical Sdn Bhd in 1987 and has been with the Group for more than 20 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 20 years experience in industrial wastewater treatment and over the years with Hooker Chemical Sdn Bhd, he is also exposed to new advance treatment technology through close working relationship with leading overseas wastewater treatment companies in USA and Europe.

He does not have any family relationship with other Directors and/or major shareholder of the Company. 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 does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2013.

DIRECTORS' PROFILE (CONT'D)

KAN KING CHOY Executive Director

Kan King Choy, a Malaysian, aged 52, was appointed to the Board on 25 May 2002.

He joined Spectrum Laboratories Sdn Bhd as a Manager of the laboratory in 1990 and has been with the Group for more than 20 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.

He does not have any family relationship with other Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and he has not been convicted for any offences in the past ten (10) year. He does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2013. He is a member of the Remuneration Committee of the Company.

IR. KOH THONG HOW Non-Executive Director

Ir. Koh Thong How, a Malaysian, aged 59, was appointed to the Board 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 Hooker Chemical Sdn Bhd.

He 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 does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2013.

DIRECTORS' PROFILE (CONT'D)

DR. SEOW PIN KWONG Independent Non-Executive Director

Dr. Seow Pin Kwong, a Malaysian, aged 73, was appointed to the Board on 25 May 2002.

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. 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 does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2013. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

CHENG SIM MENG Independent Non-Executive Director

Cheng Sim Meng, a Malaysian, aged 61, was appointed to the Board on 25 May 2002.

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, Fellow of the Singapore Insurance Institute 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 been in the insurance industry for more than thirty 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 a 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. Subsequently, he was an Assistant General Manager (Commercial Lines Management) with a local insurance company. Currently he is a Practitioner in the scope of Training, Talent & Skills Development, Insurance Arbitration, Insurance claims consultancy & management, Insurance & Reinsurance – Consultancy & Risk Management and Insurance Skills & Technical Enhancement Programme (INSTEP).

Since 1982, he 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. 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 does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2013. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

DIRECTORS' PROFILE (CONT'D)

NG KOK ANN Independent Non-Executive Director

Ng Kok Ann, a Malaysian, aged 40, was appointed to the Board on 21 January 2009.

He graduated from the Association of Chartered Certified Accountant (ACCA), United Kingdom in 1999. He is a member of the Association of Chartered Certified Accountants (ACCA) and is a Chartered Accountant of Malaysian Institute of Accountants (MIA).

Mr. Ng started his career as an Audit Assistant with Ling Kam Hoong & Co. in 1999 and was involved in accounting, auditing and taxation and business advisory of companies from various industries. He left Ling Kam Hoong & Co. in 2003 and joined Terence Oh & Associates as Principal. He is currently involved in corporate finance, tax planning, business advisory and secretarial functions of companies for various types of companies.

He does not have any family relationship with other Directors and/or major shareholder of the Company. 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 does not hold directorship of any other public listed company.

He attended all four (4) Board meetings of the Company held during the financial year ended 31 December 2013. He is a member of the Audit Committee and Nomination Committee of the Company.

MADAM YEE OII PAH @ YEE OOI WAH Alternate Director to Pang Wee See

Yee Oii Pah @ Yee Ooi Wah, a Malaysian, aged 61, 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 pupilage 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. She does not hold directorship of any other public listed 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.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Brite-Tech Berhad, I am pleased to present the Annual Report and Financial Statements of the Group for the financial year ended 31 December 2013.

FINANCIAL REVIEW

For the financial year ended 31 December 2013, the Group recorded an increase of 12.8% in revenue to RM24.552 million as compared to RM21.761 million in the previous financial year. The Group's profit before tax increased by 21.1% to RM4.607 million from RM3.803 million in the previous financial year.

The increase in the Group's revenue was attributed to the higher contribution from the environmental products and services segment as well as from the system equipment and ancillary products segment of the Group while the increase in the Group's profit before tax as compared to the previous financial year was due to the higher revenue achieved and lower impairment loss on goodwill.

ECONOMIC AND INDUSTRY OUTLOOK

The Malaysian economy is expected to expand further by 5% - 5.5% in 2014 (2013: 4.5% - 5.5%) supported by favourable domestic demand and an improving external environment. Growth will be private-led, supported by strong private capital spending while private consumption continues to remain resilient.

Although some degree of uncertainty exists in the global environment due to the volatility of capital flows associated with the possibility of reduced global liquidity, Malaysia's external sector is expected to improve. This in tandem with the continued recovery of growth across advanced economies as well as stronger regional trade activities which is evident in the second half of 2013.

The outlook for the manufacturing sector is expected to improve, given the continued recovery in manufacturing activity, particularly the E&E sub-sector. In line with the gradual pickup in the global economy and improving intra-regional trade, export-oriented industries such as E&E, chemicals and resource-based industries are likely to provide support to growth. Likewise, domestic-oriented industries such as construction-related materials, transport equipment and food sectors are also expected to remain resilient. The manufacturing sector is projected to grow 3.8% (2013: 3.2%).

(Source: Economic Report 2013/2014; Ministry of Finance Malaysia)

PROSPECTS

Moving forward, the Group expects the year ahead to remain challenging due to the competitive business conditions. Meanwhile, the Group will continue to focus on its existing business activities and concentrate on its core competencies while at the same time, improve its operational efficiency and cost management. At the same time, the Group will also explore various cost saving measures to counter the challenges ahead and to enhance the Group's competitiveness in the Group's industry.

The Group will continue to be constantly on the lookout for business and investment opportunities outside the Group's industry domain for opportunities which can bring financial stability to the Group.

Barring any unforeseen circumstances, the Board of Directors is of the opinion that the performance of the existing business of the Group is likely to remain satisfactory for the coming year.

DIVIDENDS

As recognition of your continuous support, the Board of Directors is pleased to recommend a final single tier dividend of 0.63 sen per share for the approval of shareholders at the forthcoming Annual General Meeting.

CHAIRMAN'S STATEMENT (CONT'D)

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

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of the Company recognizes the importance of good corporate governance and is committed to promote the highest standards of corporate governance within the Group by supporting and implementing the principles and recommendations as outlined in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012" or "the Code") and the relevant provisions of the Bursa Securities Listing Requirements for ACE Market.

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.

The Board is pleased to set out below our Corporate Governance Statement which describes how the Group has applied the principles of the Code and the extent to which it has complied with the recommendations set out in the Code during the financial year ended 31 December 2013. This statement also serves as a compliance with Rule 15.25 of the Bursa Securities Listing Requirements for ACE Market.

1. THE BOARD

a) Responsibilities of the Board

The Board has overall responsibility for the performance of the Group and its responsibilities include the following:-

- 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.

Whilst Directors and management of the Company are aware of their respective roles and responsibilities, including limits of authority accorded, the Board recognizes the need to formalise such demarcation of duties to provide clarity and guidance to Directors and management. The Board will adopt a Board Charter at an appropriate time.

The Board also recognizes the need for the Company strategies to promote sustainability and regularly reviews the strategic direction of the Group as well as the progress of the Group's operations. The Board will take into consideration the environmental, social and governance aspects when developing the Company's strategies.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1. THE BOARD (CONT'D)

b) 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. This composition complies with Rule 15.02 of the Bursa Securities Listing Requirements for ACE Market which requires that at least two directors or one-third of the Board, whichever is the higher, comprises of independent 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.

The Code recommends that the Chairman of the Board is a Non-Executive member of the Board and the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director. Though the Company deviates from the recommendation of the Code, the Board believes that the interests of shareholders are best served by the Executive Chairman who is sanctioned by the shareholders and, who will act and safeguard the interests of shareholders as a whole. As the Executive Chairman is the major shareholder of the Company, he is well placed to act on behalf of the shareholders and in their best interests. The Board is of the view that the independent directors are able to exercise strong independent judgement and provide independent views and advice in all Board deliberations. The Board believes that the Executive Chairman is competent to act on behalf of the shareholders in their best interests and does not recommend the necessity of nominating an Independent Non-Executive Chairman at this juncture. The Board will look into identifying suitable candidates as independent directors but the process will be executed with due care and careful assessment to ensure that the suitable candidates are able to provide meaningful contribution to the effectiveness of the Board as a whole.

The Board acknowledges the need for gender diversity for good governance practices and to enhance the efficient functioning of the Board. The Board believes that the evaluation of any candidate's suitability is guided by the skills, experience, competency and knowledge of the individual candidate and it shall review any potential candidate wherever reasonably possible. The Company currently has one (1) female representation in the Board. The Board is comfortable with its current composition and does not consider that setting a short term target for gender diversity on the Board is appropriate at the current time.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1. THE BOARD (CONT'D)

c) Board Meetings

The Board ordinarily meets at least four (4) times a year at quarterly interval with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. There were four (4) meetings held during the financial year ended 31 December 2013.

Details of the attendance of Directors at the Board meetings are as follows:-

Name	Designation	Attendance
Pang Wee See	Executive Chairman	4/4
Tan Boon Kok	Executive Director	4/4
Chan Ah Kien	Executive Director	4/4
Kan King Choy	Executive Director	4/4
Ir. Koh Thong How	Non-Independent Non-Executive Director	4/4
Dr. Seow Pin Kwong	Independent Non-Executive Director	4/4
Cheng Sim Meng	Independent Non-Executive Director	4/4
Ng Kok Ann	Independent Non-Executive Director	4/4

Based on the above, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in Rule 15.05 of the Bursa Securities Listing Requirements for ACE Market.

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

d) Supply of Information

All Directors receive appropriate and timely information which includes an agenda prior to the Board meetings to enable the Board to discharge its duties.

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

All Directors have full access to information pertaining to all matters for the purpose of making decisions. There is an agreed procedure for the Directors to take independent professional advice at the Company's expense, if necessary.

All Directors have access to the advice and services of the Company Secretary who ensures compliance with statutory obligations, Bursa Securities Listing Requirements for ACE Market or other regulatory requirements. The removal of the Company Secretary shall be a matter for the Board as a whole.

The Board recognizes that the Company Secretary should be suitably qualified and capable to carry out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary to the Board in the discharge of her roles and responsibilities.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1. THE BOARD (CONT'D)

e) 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 but shall be eligible 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.

Directors over seventy (70) years of age are subject to re-appointment by shareholders on an annual basis in accordance with Section 129(6) of the Companies Act, 1965.

The Board takes note that the Code recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years and upon completion of the nine years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. In the event the director is to remain designated as an independent director, the Board shall first justify and seek shareholders' approval.

From the date the independent directors were appointed, they were required to give an undertaking to Bursa Securities confirming and declaring that they are independent directors as defined under Rule 1.01 of the Listing Requirements for ACE Market. The Board is of the view that the length of service of the independent directors for more than nine years does not interfere with their exercise of independent judgment or their ability to act in the best interest of the Company. On the other hand, length of service enables the independent directors to better understand the Company and its businesses over long term and therefore, better serve the interests of the Company and its shareholders by having long-term familiarity with and understanding of the Company, its operations and growth strategies.

The Board is satisfied that Dr. Seow Pin Kwong and Mr. Cheng Sim Meng has fulfilled the criterias and would recommend to retain them as independent directors of the Company, notwithstanding that they have served for more than nine years as independent directors. In view thereof, the Board has recommended that approval be sought for them to continue to serve as independent directors at the forthcoming Annual General Meeting of the Company

The Board observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia in discharging its role effectively. The Code of Ethics requires all Directors to observe high ethical business standards and to apply these values to all aspects of the Group's business and professional practices and to act in good faith in the best interest of the Group and its shareholders.

f) Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) in accordance to Bursa Securities Listing Requirements for ACE Market.

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. The Board will assess the training needs of the Directors and encourages the Directors to attend any relevant programme to further enhance their knowledge to enable them to discharge their responsibilities more effectively.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1. THE BOARD (CONT'D)

f) Directors' Training (Cont'd)

During the financial year ended 31 December 2013, the seminars and training courses attended by the Directors are as follows:

Directors	Seminar/Training Course Attended
Pang Wee See	MFRS/IFRS Financial Statements
Tan Boon Kok	MFRS/IFRS Financial Statements
Chan Ah Kien	MFRS/IFRS Financial Statements
Kan King Choy	MFRS/IFRS Financial Statements
Ir. Koh Thong How	MFRS/IFRS Financial Statements
Dr. Seow Pin Kwong	MFRS/IFRS Financial Statements
Cheng Sim Meng	MFRS/IFRS Financial Statements
Ng Kok Ann	MFRS/IFRS Financial Statements
	MFRS 117 – Leases
	Accounting for Construction Contracts, Property Development and Real Estate Activities and Borrowing Costs

Other than as disclosed above, all the Directors have kept themselves abreast on the financial and business matters through readings to enable them to contribute to the Board. In addition, the Board was briefed at quarterly Board meetings on any changes to the relevant guidelines on the regulatory and statutory requirements by the Company Secretary.

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.

Details of the aggregate remuneration of the Directors for the financial year ending 31 December 2013 are as follows:

	Executive Directors RM	Non-Executive Directors RM
Salaries and other emoluments	691,200	–
Bonuses	115,200	–
Fees	276,000	36,000
Total	1,082,400	36,000

CORPORATE GOVERNANCE STATEMENT (CONT'D)

2. *DIRECTORS' REMUNERATION (CONT'D)*

The number of directors whose aggregate remuneration during the financial year ending 31 December 2013 which falls within the following bands is as follows:

Band of Remuneration	Executive Directors	Non-Executive Directors
RM 50,000 and below	–	4
RM200,001 – RM250,000	3	–
RM250,001 and above	1	–

The Board is of the view that the above disclosure, without divulging respective individual Director's remuneration so as to preserve a degree of privacy, is sufficient to meet the objectives set out in the Bursa Securities Listing Requirements for ACE Market.

3. *BOARD COMMITTEES*

To assist the Board in the discharge of its duties effectively, the Board has delegated certain responsibilities to the Board Committees, which operate within clearly defined terms of reference.

a) Audit Committee

The composition and the terms of reference of the Audit Committee are set out in the Audit Committee Report on Page 22 of this Annual Report.

b) Remuneration Committee

The present members of the Remuneration Committee are as follows:

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

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

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

c) Nomination Committee

The present members of the Nomination Committee are as follows:

Chairman:	DR. SEOW PIN KWONG	(Independent Non-Executive Director)
Members:	CHENG SIM MENG	(Independent Non-Executive Director)
	NG KOK ANN *(Appointed w.e.f. 12 March 2014)*	(Independent Non-Executive Director)
	KAN KING CHOY *(Resigned w.e.f. 12 March 2014)*	(Executive Director)

The Committee's role includes 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, independence and experience.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

4. ACCOUNTABILITY AND AUDIT

a) Financial Reporting

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

b) Risk Management and Internal Control

The Board acknowledges its responsibility for the Group's system of risk management and 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 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.

The internal audit function has been outsourced to an external independent internal audit service provider to advise and assist the Audit Committee in the internal audit functions of the Group.

These are covered in more detail in the "Statement on Risk Management and Internal Control" in Pages 25 to 27.

c) Relationship with the Auditors

The Board has established a transparent and independent 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.

The Audit Committee will convene meetings with the external auditors without the presence of management as and when necessary. The Audit Committee also assesses and reviews the appointment, independence, performance and remuneration as well as the re-appointment of the external auditors before recommending to the Board for approval and subsequently to the shareholders for their re-appointment during the Annual General Meeting.

5. RELATIONSHIP WITH SHAREHOLDERS

The Board maintains an effective and timely 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

5. RELATIONSHIP WITH SHAREHOLDERS (CONT'D)

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.

The Board takes note of the recommendation by the Code on the adoption of electronic voting and for the Board to encourage poll voting for substantive resolutions to facilitate greater shareholders' participation. The shareholders shall be informed of their right to demand a poll vote prior to the commencement of the general meeting and the Board will ensure that any vote of shareholders at the general meeting on the resolution approving related party transactions is taken on a poll. An announcement of the detailed results will be made showing the number of votes cast for and against each resolution. Presently, for non-substantive resolutions, the voting process at the AGM shall be voting by way of a show of hands for convenience purpose unless a poll is demanded by shareholders.

The Company maintains a website at www.brite-tech.com that allows all shareholders and investors to gain access information about the Group to encourage effective communication and proactive engagements with shareholders. The Company has yet to identify a senior independent non-executive director to whom concerns may be conveyed by shareholders and the general public. However, any enquiry regarding the Company and the Group may be conveyed to Mr. Kan King Choy, Executive Director, at kc_kan@brite-tech.com.my.

6. STATEMENT OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE CODE

Except for the explanations provided above on any departures from the recommendations of the Code, the Board believes that the Company has, in all material aspects, complied with the recommendations of the Code throughout the financial year.

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 applied 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 for ACE Market.

AUDIT COMMITTEE REPORT

1. INTRODUCTION

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

Chairman:	DR. SEOW PIN KWONG	Independent Non-Executive Director
Members:	CHENG SIM MENG	Independent Non-Executive Director
	NG KOK ANN	Independent Non-Executive Director

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 advice 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 2013. The details of their meetings are as follows:

Audit Committee Members	Attendance
Dr. Seow Pin Kwong	4/4
Cheng Sim Meng	4/4
Ng Kok Ann	4/4

The activities of the Audit Committee during the financial year ended 31 December 2013 include the following:-

(i) Reviewed the Group's quarterly unaudited financial statements prior to submission to the Board for consideration and approval for release to Bursa Securities;

(ii) Reviewed the Group's year end audited financial statements prior to submission to the Board for consideration and approval;

(iii) Reviewed with the scope of work and audit plan of the external auditors;

(iv) Reviewed the scope of work and audit plan of the internal audit consultants for 2013 as well as reviewed the internal audit reports issued. Thereafter discussed with internal auditors and management on the management's response to the findings and recommendations;

(v) Reviewed the Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control, and recommended the same to the Board for approval and disclosure in the Company's Annual report;

(vi) Met with external auditors without the presence of management;

(vii) Reviewed related party transactions within the Group;

(viii) Reviewed the effectiveness of the Group's system of internal control;

(ix) Considered and recommended to the Board for approval the audit fees payable to external auditors.

4. INTERNAL AUDIT FUNCTION

The Group has outsourced its Internal Audit function to an external independent internal audit service provider to advise and assist the Audit Committee 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 Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

The internal audit activities during the financial year covered amongst others, areas such as sales and marketing, credit control and collection, financial reporting, purchases and payment, inventory management, quality assurance and managing customers' satisfaction.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors ("the Board") of Brite-Tech Berhad ("the Group") recognises that it is the Board's responsibility to review the adequacy and integrity of the Group's system of risk management and internal control. The Board is committed to maintain and ensure that a sound systems of risk management and internal control exists and operates effectively within the Group of Companies and is pleased to provide this statement outlining the nature and scope of the risk management and internal control of the Group during the financial year under review pursuant to Paragraph15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers in compliance with Section 167A of the Companies Act 1965.

2. BOARD RESPONSIBILITIES

The Board acknowledges its responsibility and reaffirms its commitment in recognising the importance of effective and appropriate systems 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 risk management and internal control. The system of risk management and internal control covers inter alia, governance, risk management, financial organisation, operational and compliance control.

However, the Board recognises that this system is 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 also acknowledges the guidelines on the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) which further emphasises the need for maintaining a sound system of risk management and internal control.

The Board is of the view that the system of risk management and 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.

In line with the Guidelines, the Executive Chairman and Group Accountant have provided assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objective during the financial year under review.

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.

3. RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION

Risk management is embedded in the Group's management systems. The Board together with the Audit Committee 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 Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers.

The Group's Internal Audit function is outsourced to external consultants to assist the Board and Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control systems. The scope of the review of the outsourced internal audit function is determined by the Audit Committee with feedback from Executive Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

3. *RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION (CONT'D)*

In this respect, internal audits are carried out in accordance with the audit plan approved by the Audit Committee 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 risk management and 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. The outsourced internal audit function is currently in the process of executing the approved internal audit plan.

The costs incurred for the outsourced internal audit function for the financial year ended 31 December 2013 amounted to RM36,000.

4. *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 management. 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;
- Standard operating procedures for the MS 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 periodically 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 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

5. CONCLUSION

The Board is of the view that the systems of risk management and 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 Board also recognises that the systems of risk management and 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 risk management and internal control.

6. REVIEW BY EXTERNAL AUDITORS

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

This statement was made in accordance with a resolution of the Board dated 16 April 2014.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposal during the financial year.

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. DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any Depository Receipt programme.

5. SANCTIONS AND/OR PENALTIES

On 13 February 2013, Bursa Malaysia Securities Berhad had imposed a public reprimand on the Company for the breach of Rule 9.16(1)(a) of the ACE Market Listing Requirements in respect of the Company's announcement dated 29 February 2012 on the fourth quarterly report for the financial period ended 31 December 2011 which failed to take into account the adjustments as stated in the Company's announcement dated 19 April 2012.

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

6. NON-AUDIT FEES

During the financial year, the total non-audit fees paid to the external auditors by the Group amounted to RM18,000.

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 2013 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.

OTHER COMPLIANCE INFORMATION (CONT'D)

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 2013.

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 2013.

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DIRECTORS' REPORT

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiary companies.

The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	3,423,435	1,395,085
Profit attributable to:		
Owners of the Company	3,350,089	1,395,085
Non-controlling interests	73,346	–
	3,423,435	1,395,085

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2012 was as follows:

	RM
In respect of the financial year ended 31 December 2012, as reported in the Directors' report of that financial year:	
Final dividend under the single tier system of 0.60 sen per share, on 252,000,000 ordinary shares, was declared on 28 May 2013 and paid on 25 June 2013	1,511,999

At the forthcoming Annual General Meeting, a final dividend under the single tier system in respect of the financial year ended 31 December 2013 of 0.63 sen per share on 252,000,000 ordinary shares, amounting to a dividend payable of approximately RM1,587,600 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2014.

DIRECTORS' REPORT (CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised, issued and paid up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The Directors who served since the date of the last report are as follows:

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

In accordance with Article 96 of the Company's Article of Association, Mr. Ng Kok Ann, Mr. Chan Ah Kien and Mr. Kan King Choy retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Dr. Seow Pin Kwong, being over the age of seventy years, retires pursuant to Section 129(2) of the Companies Act, 1965, be and seeks re-appointment as Director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in the shares of the Company during the financial year were as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.1.2013	**Bought**	**Sold**	**At 31.12.2013**
Direct Interest				
PANG WEE SEE	113,152,861	–	–	113,152,861
CHAN AH KIEN	25,213,147	–	–	25,213,147
TAN BOON KOK	24,821,963	–	–	24,821,963
KAN KING CHOY	10,215,841	–	–	10,215,841
IR. KOH THONG HOW	487,200	–	–	487,200
DR. SEOW PIN KWONG	305,760	–	–	305,760
YEE OII PAH @ YEE OOI WAH *(Alternate Director to Pang Wee See)*	487,200	–	–	487,200

By virtue of their interests in the shares of the Company, all the above Directors are also deemed to have interests in the shares of the subsidiary companies to the extent that the Company has an interest.

Other than disclosed above, the Directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

   (i) 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

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

(f) In the opinion of the Directors:

   (i) no contingent or other liability become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

AUDITORS

The auditors, Messrs. ECOVIS AHL, do not wish to seek re appointment.

SIGNED ON BEHALF OF THE BOARD IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 16 APRIL 2014.

PANG WEE SEE **KAN KING CHOY**

STATEMENT BY DIRECTORS

The Directors of **BRITE-TECH BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 38 to 98 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 44 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

SIGNED ON BEHALF OF THE BOARD IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 16 APRIL 2014.

PANG WEE SEE **KAN KING CHOY**

STATUTORY DECLARATION

I, **CHIA CHEE YEE**, being the Officer primarily responsible for the financial management of **BRITE-TECH BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 38 to 98, 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 Puchong
in the state of Selangor Darul Ehsan
on 16 April 2014

CHIA CHEE YEE

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Brite-Tech Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 98.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRITE-TECH BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

(c) 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 44 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

ECOVIS AHL
Firm No: AF 001825
Chartered Accountants

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

Kuala Lumpur
16 April 2014

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

		GROUP		COMPANY	
	NOTE	2013 RM	2012 RM	2013 RM	2012 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	22,285,571	19,999,347	10,485	18,210
Investment properties	7	3,240,000	3,240,000	–	–
Investment in subsidiary companies	8	–	–	18,847,198	15,418,198
Investment in associated company	9	–	–	–	–
Other investment	10	152,100	152,100	152,100	152,100
Goodwill	11	1,568,052	1,768,052	–	–
		27,245,723	25,159,499	19,009,783	15,588,508
CURRENT ASSETS					
Inventories	12	1,524,613	1,278,225	–	–
Trade receivables	13	6,877,827	6,459,922	–	–
Other receivables, deposits and prepayments	14	865,408	754,243	1,595,800	2,165,474
Amount owing by subsidiary companies	15	–	–	2,756,522	2,963,632
Tax recoverable		38,970	67,816	16,800	16,002
Short-term investments	16	7,972,766	4,271,666	2,519,035	2,103,481
Fixed deposits with licensed banks	17	3,498,455	7,436,935	1,252,434	4,393,658
Cash and bank balances		1,714,206	1,603,724	45,059	135,308
		22,492,245	21,872,531	8,185,650	11,777,555
TOTAL ASSETS		49,737,968	47,032,030	27,195,433	27,366,063
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	25,200,000	25,200,000	25,200,000	25,200,000
Revaluation reserve	19	7,061,290	7,333,752	–	–
Retained profits	20	10,163,390	8,325,300	1,838,743	1,955,657
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		42,424,680	40,859,052	27,038,743	27,155,657
NON-CONTROLLING INTERESTS		681,516	668,170	–	–
TOTAL EQUITY		43,106,196	41,527,222	27,038,743	27,155,657

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013 (CONT'D)

		GROUP		COMPANY	
	NOTE	2013 RM	2012 RM	2013 RM	2012 RM
NON-CURRENT LIABILITIES					
Deferred tax liabilities	21	1,914,180	1,657,776	–	–
Loan and borrowings	22	643,919	542,281	–	–
		2,558,099	2,200,057	–	–
CURRENT LIABILITIES					
Trade payables	23	2,270,528	1,488,999	–	–
Other payables and accruals	24	1,193,060	1,356,310	156,690	156,406
Amount owing to Directors	25	110,419	102,611	–	–
Amount owing to a subsidiary company	15	–	–	–	54,000
Amount owing to associated company	26	–	–	–	–
Bank overdraft	27	96,760	–	–	–
Loan and borrowings	22	179,330	98,821	–	–
Provision for taxation		223,576	258,010	–	–
		4,073,673	3,304,751	156,690	210,406
TOTAL LIABILITIES		6,631,772	5,504,808	156,690	210,406
TOTAL EQUITY AND LIABILITIES		49,737,968	47,032,030	27,195,433	27,366,063

The annexed notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		GROUP		COMPANY	
	NOTE	2013 RM	2012 RM	2013 RM	2012 RM
REVENUE	28	24,552,320	21,761,371	2,889,800	3,457,460
COST OF SALES		(14,546,845)	(11,450,972)	–	–
GROSS PROFIT		10,005,475	10,310,399	2,889,800	3,457,460
OTHER OPERATING INCOME		363,915	170,905	–	–
		10,369,390	10,481,304	2,889,800	3,457,460
ADMINISTRATIVE EXPENSES		(5,239,823)	(5,621,046)	(1,494,890)	(1,438,684)
OTHER OPERATING EXPENSES		(630,842)	(449,965)	(7,725)	(7,797)
PROFIT FROM OPERATING ACTIVITIES		4,498,725	4,410,293	1,387,185	2,010,979
IMPAIRMENT LOSS ON INVESTMENT IN SUBSIDIARY COMPANIES		–	–	(200,000)	(900,000)
IMPAIRMENT LOSS OF GOODWILL		(200,000)	(900,000)	–	–
FINANCE INCOME	29	354,518	327,815	207,900	188,805
FINANCE EXPENSES	30	(46,424)	(35,301)	–	–
PROFIT BEFORE TAX	31	4,606,819	3,802,807	1,395,085	1,299,784
INCOME TAX EXPENSE	33	(1,183,384)	(1,246,518)	–	3,900
PROFIT AFTER TAX		3,423,435	2,556,289	1,395,085	1,303,684
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		3,423,435	2,556,289	1,395,085	1,303,684

The annexed notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		GROUP		COMPANY	
	NOTE	2013 RM	2012 RM	2013 RM	2012 RM
PROFIT AFTER TAX ATTRIBUTABLE TO:					
Owners of the Company		3,350,089	2,439,853	1,395,085	1,303,684
Non-controlling interests		73,346	116,436	–	–
		3,423,435	2,556,289	1,395,085	1,303,684
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		3,350,089	2,439,853	1,395,085	1,303,684
Non-controlling interests		73,346	116,436	–	–
		3,423,435	2,556,289	1,395,085	1,303,684
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)	34	1.33	0.97		

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	NOTE	SHARE CAPITAL RM	NON-DISTRIBUTABLE REVALUATION RESERVE RM	DISTRIBUTABLE RETAINED PROFITS RM	EQUITY ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY RM	NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
GROUP							
Balance at 1 January 2013		25,200,000	7,333,752	8,325,300	40,859,052	668,170	41,527,222
Total comprehensive income for the financial year		–	–	3,350,089	3,350,089	73,346	3,423,435
Additional deferred tax liability on revaluation reserve		–	(272,462)	–	(272,462)	–	(272,462)
Dividend							
- By the Company	35	–	–	(1,511,999)	(1,511,999)	–	(1,511,999)
- By subsidiaries to non-controlling interests		–	–	–	–	(60,000)	(60,000)
Balance as at 31 December 2013		25,200,000	7,061,290	10,163,390	42,424,680	681,516	43,106,196

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

	NOTE	SHARE CAPITAL RM	NON-DISTRIBUTABLE REVALUATION RESERVE RM	DISTRIBUTABLE RETAINED PROFITS RM	EQUITY ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY RM	NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
GROUP							
Balance at 1 January 2012							
- As previously reported		25,200,000	7,994,226	7,069,354	40,263,580	587,234	40,850,814
- Prior period adjustments		–	(634,783)	–	(634,783)	–	(634,783)
- As restated		25,200,000	7,359,443	7,069,354	39,628,797	587,234	40,216,031
Comprehensive income:							
- Net profit for the financial year		–	–	2,439,853	2,439,853	116,436	2,556,289
- Other comprehensive income, net of tax: Realisation of revaluation reserve on disposal of property, plant and equipment		–	(25,691)	25,691	–	–	–
Total comprehensive income for the financial year		–	(25,691)	2,465,544	2,439,853	116,436	2,556,289
Additional investment in a subsidiary		–	–	–	–	24,500	24,500
Dividend							
- By the Company	35	–	–	(1,209,598)	(1,209,598)	–	(1,209,598)
- By subsidiaries to non-controlling interests		–	–	–	–	(60,000)	(60,000)
Balance as at 31 December 2012		25,200,000	7,333,752	8,325,300	40,859,052	668,170	41,527,222

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	NOTE	SHARE CAPITAL RM	DISTRIBUTABLE RETAINED PROFITS RM	TOTAL EQUITY RM
COMPANY				
Balance at 1 January 2013		25,200,000	1,955,657	27,155,657
Total comprehensive income for the financial year		–	1,395,085	1,395,085
Dividend paid	35	–	(1,511,999)	(1,511,999)
Balance at 31 December 2013		25,200,000	1,838,743	27,038,743
Balance at 1 January 2012		25,200,000	1,861,571	27,061,571
Total comprehensive income for the financial year		–	1,303,684	1,303,684
Dividend paid	35	–	(1,209,598)	(1,209,598)
Balance at 31 December 2012		25,200,000	1,955,657	27,155,657

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		GROUP		COMPANY	
	NOTE	2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		4,606,819	3,802,807	1,395,085	1,299,784
Adjustments for:-					
(Gain)/Loss on disposal of property, plant and equipment		(100)	1,628	–	–
Depreciation of property, plant and equipment	6	804,380	800,399	7,725	7,797
Property, plant and equipment written off	6	54,073	18,935	–	–
Finance income	29	(354,518)	(327,815)	(207,900)	(188,805)
Finance expenses	30	46,424	35,301	–	–
Bad debts written off		7,870	1,460	–	–
Impairment loss on goodwill	11	200,000	900,000	–	–
Allowance for impairment loss on trade receivables	13	114,139	14,200	–	–
Dividend income		–	–	(1,683,800)	(2,251,460)
Inventories written off		109,098	99,596	–	–
Impairment loss on investment in subsidiary companies	8	–	–	200,000	900,000
Operating profit/(loss) before working capital changes		5,588,185	5,346,511	(288,890)	(232,684)
Changes in inventories		(355,486)	193,390	–	–
Changes in trade and other receivables		(651,079)	(541,796)	2,370,584	4,448,751
Changes in trade and other payables		626,087	(106,256)	(53,716)	115,012
CASH FROM OPERATIONS		5,207,707	4,891,849	2,027,978	4,331,079
Interest received		354,518	327,815	207,900	188,805
Interest paid		(46,424)	(35,301)	–	–
Income tax refund		28,722	3,315	16,002	–
Income tax paid		(1,233,752)	(1,173,578)	(16,800)	–
NET CASH FROM OPERATING ACTIVITIES		4,310,771	4,014,100	2,235,080	4,519,884

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

		GROUP		COMPANY	
	NOTE	2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Additional investment in a subsidiary company		–	–	(3,629,000)	(684,000)
Purchase of property, plant and equipment	36	(2,829,677)	(641,860)	–	(3,450)
Proceeds from disposal of property, plant and equipment		100	299,220	–	–
Dividend received		–	–	90,000	90,000
NET CASH FOR INVESTING ACTIVITIES		(2,829,577)	(342,640)	(3,539,000)	(597,450)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of share capital in a subsidiary from non-controlling interests		–	24,500	–	–
Repayment of loan and borrowings		(132,853)	(65,157)	–	–
Dividend paid to the owners of the Company		(1,511,999)	(1,209,598)	(1,511,999)	(1,209,598)
Dividend paid to non-controlling interests		(60,000)	(60,000)	–	–
NET CASH FOR FINANCING ACTIVITIES		(1,704,852)	(1,310,255)	(1,511,999)	(1,209,598)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(223,658)	2,361,205	(2,815,919)	2,712,836
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		13,312,325	10,951,120	6,632,447	3,919,611
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		13,088,667	13,312,325	3,816,528	6,632,447
Cash and cash equivalent comprise:					
Short-term investments		7,972,766	4,271,666	2,519,035	2,103,481
Fixed deposits with licensed banks		3,498,455	7,436,935	1,252,434	4,393,658
Cash and bank balances		1,714,206	1,603,724	45,059	135,308
Bank overdraft		(96,760)	–	–	–
		13,088,667	13,312,325	3,816,528	6,632,447

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The principal place of business and the registered office are as follows:

Principal place of business	:	Lot 14 (PT 5015), Jalan Pendamar 27/90, Seksyen 27, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia.
Registered office	:	2nd Floor, No. 17 & 19, Jalan Brunei Barat, Pudu, 55100 Kuala Lumpur, Malaysia.

The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The financial statements of the Company as at and for the year ended 31 December 2013 do not include other entities.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 16 April 2014.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services to subsidiary companies. The principal activities of its subsidiary companies are set out in Note 8 to the financial statements.

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

3. BASIS OF PREPARATION

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

The financial statements, other than for financial statements and retirement benefit obligations, have been prepared on the historical cost basis, unless otherwise indicated in Note 4.

The financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

3. *BASIS OF PREPARATION (CONT'D)*

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statement are disclosed below. The Group and the Company will adopt these standards, if applicable, when they become effective:

Effective for financial periods beginning on or after 1 January 2014

- MFRS 10, *Consolidated Financial Statements (Amendments relating to Investment Entities)*
- MFRS 12, *Disclosures of Interests in Other Entities (Amendments relating to Investment Entities)*
- MFRS 127, *Separate Financial Statements (2011) (Amendments relating to Investment Entities)*
- MFRS 132, *Financial Instruments: Presentation (Amendment relating to Offsetting Financial Assets and Financial Liabilities)*
- Amendments to MFRS 136, *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

Effective for financial periods beginning on or after 1 July 2014

- Amendments to MFRS 2, MFRS 3, MFRS 8, MFRS 116, MFRS 124 and MFRS 138, *Annual Improvements 2010-2012 Cycle*
- Amendments to MFRS 3, MFRS 13, MFRS 140, *Annual Improvements 2011-2013 Cycle*
- Amendments to MFRS 119, *Defined Benefit Plan: Employee Contributions*

Effective for financial periods beginning on or after 1 January 2015

- Amendments to MFRS 9, *Mandatory Effective Date of MFRS 9 and Transition Disclosures*

MFRS 9, Financial Instruments

MFR 9 Financial Instruments, reflect the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The Group and the Company will quantify the effect of adopting this standard when the full standard is issued.

4. *SIGNIFICANT ACCOUNTING POLICIES*

(a) Basis of Consolidation

(i) Subsidiary Companies

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses, unless the investment is held for sale or distribution.

(ii) Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

(ii) Business Combinations (Cont'd)

Acquisition on or after 1 January 2011

For acquisition on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects either it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisition before 1 January 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

(iii) Acquisitions of Non-Controlling Interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interests holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

(v) Associated Companies

Associated companies are entities in which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associated companies but not the power to exercise control over those policies. Investments in associated companies are accounted for using the equity method less any impairment losses. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest is an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associated companies' post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

(vi) Non-Controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the Consolidated Statement of Financial Position and Statement of Changes in Equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the Statements of Comprehensive Income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes non-controlling interests to have a deficit balance.

(vii) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Goodwill on Consolidation

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the Statements of Comprehensive Income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

(c) Investment Properties Carried at Fair Value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost and subsequently at fair value, representing open-market value determined annually by external valuers or assessed by the 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. Changes in fair values are recognised in profit or loss for the period in which they arise.

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 derecognised (eliminated from the statements of financial position). The difference between that the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

(d) Other Investment

Investment in unquoted shares is stated at cost less accumulated impairment losses, if any. Other investment is classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land and buildings and leasehold land and buildings.

Assets stated at valuation

Freehold land and buildings and leasehold land and buildings are stated at their revalued amount, being its fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent impairment losses, if any. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Any revaluation increase arising from the revaluation is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserves account, except when the increase is recognised in the profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any revaluation decrease arising from the revaluation is recognised in profit or loss, except when the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserves account in respect of the asset. Revaluation surplus is transferred directly to the retained profits when the asset is derecognised.

Depreciation

Except for freehold land, depreciation is provided on a straight-line method so as to write off the cost or valuation of the assets over their estimated useful lives, as follows:

	Rate (%)
Freehold buildings	1-2
Leasehold land	Remaining lease period of 52 to 72 years
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 of an asset begins when it is ready for its intended use.

Freehold land is not depreciated as it has an infinite life.

The residual values and the useful lives of assets, if significant, are reviewed at each reporting date.

The gain or loss arising from the derecognition of an asset, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, are recognised in profit or loss.

At the end of each reporting period, 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 (p) on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Inventories

Inventories, which consist of raw materials, finished goods and laboratory supplies are stated at the lower of cost and net realisable value.

Cost is determined on the first-in-first-out basis and comprises purchase price plus cost incurred in bringing the inventories to present location. Cost of finished goods and work-in-progress includes raw materials, direct labour and appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

(g) Cash and Cash Equivalent

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to cash and subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(h) Financial Assets

Financial assets are recognised in the Consolidated Statement of Financial Position when the Group and the Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using the trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at "fair value through profit or loss".

Effective interest method is a method calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: 'fair value through profit or loss', 'held-to-maturity', 'loans and receivables' and 'available-for-sale'.

(i) Fair value through profit or loss

As at the end of the reporting date, there were no financial assets classified under this category.

(ii) Held-to-maturity

As at the end of the reporting date, there were no financial assets classified under this category.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) which fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial Assets (Cont'd)

(iv) Available-for-sale

Available financial assets are financial assets designated as available for sale or are not classified in any other categories of financial assets. The Group's and the Company's available for sale financial assets comprise investments in unquoted shares. Investments in unquoted shares whose fair value cannot be reliably measured are measured at cost less impairment loss.

Dividends on available for sale equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

(v) Impairment of financial assets

At the reporting date, the Group and the Company assess whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investment in unquoted shares classified as 'available for sale', objective evidence that the financial assets are impaired include:

- significant financial difficulty of the issuer, or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measureable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments original effective interest rate.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial Assets (Cont'd)

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

For 'available-for-sale' financial assets, if a decline in fair value has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative losses that have been recognised are reclassified to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as 'available-for-sale' financial assets are not reversed through profit or loss.

If the fair value of a debt instrument classified as an 'available-for-sale' financial asset subsequently increases, and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss, the impairment losses are reversed and recognised in profit or loss.

(vi) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group and the Company transfer the financial assets and the transfers qualify for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

(i) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(j) Equity Instruments

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Dividends on ordinary shares will be recognised as liabilities when the shareholders' rights to receive the dividends are established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Leases

(i) Finance lease

Leases in term of which the Group assumes substantially all risk and rewards of ownership are classified as finance leases. On initial recognition of the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payment made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

The property, plant and equipment acquired under the finance leases is depreciated over the shorter of the useful life of the asset and the lease term. Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period.

(l) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow economic resource will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial Liabilities

Financial liabilities are recognised on the statements of financial position when the Group or the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are recognised at fair value, plus transaction costs for financial liabilities not at 'fair value through profit or loss'.

After initial recognition, financial liabilities are either classified as at 'fair value through profit and loss' or 'other financial liabilities'.

i) Financial Liabilities At 'Fair Value Through Profit Or Loss'

Financial liabilities are classified as 'fair value through profit or loss' when the financial liabilities are either 'held for trading' or upon initial recognition, the financial liabilities are designed as 'fair value through profit or loss'.

A financial liability is classified as 'held for trading' if:
- it is incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities (other than 'held for trading') are designed as at 'fair value through profit or loss' upon initial recognition if:
- it eliminates or significant reduces a measurement or recognition inconsistency that would otherwise arise from measuring liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as at ' fair value through profit or loss'.

After initial recognition, financial liabilities at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial liabilities at 'fair value through profit or loss' are recognised in profit or loss.

ii) Other Financial Liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial Instruments

Financial instruments carried on the Statement of Financial Position 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 owners of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group or the Company 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.

(p) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets, except for inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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 is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss, unless the assets are carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same assets.

An impairment loss in respect of assets recognised in prior periods is assessed at the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the financial year in which the reversals are recognised, unless the asset is carried at the revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus.

(q) Revenue

(i) Sale of goods and services

Revenue from sales of goods is recognised when the significant risks and rewards of ownerships of the goods have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivables, net of discounts and taxes applicable to the revenue. Revenue from services is recognised upon services rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue (Cont'd)

(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 upfront. Full provision is made for foreseeable losses, if any.

(iii) Dividend income

Dividend income is recognised when the shareholders' rights to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues, taking into account the principal outstanding and the effective rate over period of maturity.

(v) Management fee

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

(vi) Rental income

Rental income is recognised on an accrual basis.

(r) Employment Benefits

(i) Short term employment benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group.

Short term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Profit-sharing and bonus plans are recognised when the Group and the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group and the Company has no realistic alternative but to make the payments.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plan are recognised as an expense in the period which the related services is performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Borrowing and Borrowing Costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognition amount and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of those costs, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(t) Income Taxes

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are charged or credited to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity.

Current tax liabilities are measured based on the amounts expected to be paid, using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences which are the differences between the carrying amount in the financial statements and the corresponding tax base of an asset or liability at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from goodwill and for initial recognition of assets or liabilities affect neither accounting profit nor taxable profit. Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities and are measured using the tax rates that have been enacted or substantively enacted by the reporting date.

The carrying amount of the deferred tax assets are reviewed at each reporting date, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(u) 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Foreign Currency

Transactions in foreign currencies are initially translated at the exchange rate at the dates of the transactions.

At the reporting date, foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at the exchange rate ruling at that date. Exchange differences arising on the settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates at the date of the transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

(w) Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the Statements of Financial Position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(x) Related Parties

A party is related to an entity if:

(i) directly, or indirectly through one or more intermediaries, the party:
- control, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associated of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Earnings Per Ordinary Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities at the date of financial statements.

Estimates and underlying assumptions are reviewed on an on-going basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Critical Judgement Made In Applying Accounting Policy

There were no critical judgements made by management in the process of applying the Group's accounting policies on the amounts recognised in the financial statements.

(b) Key Sources Of Estimation Of Uncertainty

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

(i) 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.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key Sources Of Estimation Of Uncertainty (Cont'd)

(ii) Impairment of non-financial assets

When recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iii) Allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(iv) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in the statement of comprehensive income.

The Group engaged independent professional valuers to determine fair value as at 31 December 2011. The fair value was determined primarily based on comparison method of valuation (open market value), which entails comparing recorded transaction at similar properties in the vicinity and/or investment method of valuation, which entails the capitalisation of net income of the property.

In the years where no valuation performed by the independent professional valuers, the Group is based on estimation by reference to market evidence of transaction prices for similar properties and recent experience in the location and category of the properties being valued.

(v) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualified as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portion could can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key Sources Of Estimation Of Uncertainty (Cont'd)

(vi) Impairment of trade and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date and the use of estimates are disclosed in Note 11.

(viii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ix) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowance to the extent that it is probable that taxable profit will be available against which tax losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Total carrying value of unrecognised tax losses, unabsorbed capital allowances and other taxable temporary differences of the Group are disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

	AT 1.1.2013 RM	ADDITIONS RM	DISPOSALS RM	WRITTEN OFF RM	AT 31.12.2013 RM
GROUP					
AT COST, UNLESS OTHERWISE STATED					
Freehold land and buildings, at valuation	12,856,961	2,217,763	–	–	15,074,724
Leasehold land buildings, at valuation	3,750,000	–	–	–	3,750,000
Motor vehicles	3,435,890	364,082	-	(23,100)	3,776,872
Furniture and fittings, laboratory, signboard, office and store equipment	6,826,454	514,011	(1,487)	(120,992)	7,217,986
Demo equipment, research and development equipment and machinery	280,996	–	–	(16,000)	264,996
Electrical fittings	180,110	14,002	–	–	194,112
Renovation	609,029	34,819	–	–	643,848
	27,939,440	3,144,677	(1,487)	(160,092)	30,922,538

	AT 1.1.2013 RM	CHARGE FOR THE YEAR RM	DISPOSALS RM	WRITTEN OFF RM	AT 31.12.2013 RM
GROUP					
ACCUMULATED DEPRECIATION					
Freehold land and buildings	68,959	65,230	–	–	134,189
Leasehold land buildings	62,758	62,758	–	–	125,516
Motor vehicles	2,810,483	134,364	–	(4,043)	2,940,804
Furniture and fittings, laboratory, signboard, office and store equipment	4,132,977	483,928	(1,487)	(87,176)	4,528,242
Demo equipment, research and development equipment and machinery	259,085	13,586	–	(14,800)	257,871
Electrical fittings	75,163	9,274	–	–	84,437
Renovation	530,668	35,240	–	–	565,908
	7,940,093	804,380	(1,487)	(106,019)	8,636,967

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

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

	AT 1.1.2012 RM	ADDITIONS RM	DISPOSALS RM	WRITTEN OFF RM	AT 31.12.2012 RM
GROUP					
AT COST, UNLESS OTHERWISE STATED					
Freehold land and buildings, at valuation	13,116,961	–	(260,000)	–	12,856,961
Leasehold land buildings, at valuation	3,750,000	–	–	–	3,750,000
Motor vehicles	3,295,513	271,977	(131,600)	–	3,435,890
Furniture and fittings, laboratory, signboard, office and store equipment	6,321,230	584,093	(22,750)	(56,119)	6,826,454
Demo equipment, research and development equipment and machinery	273,996	7,000	–	–	280,996
Electrical fittings	166,420	13,690	–	–	180,110
Renovation	609,029	–	–	–	609,029
	27,533,149	876,760	(414,350)	(56,119)	27,939,440

	AT 1.1.2012 RM	CHARGE FOR THE YEAR RM	DISPOSALS RM	WRITTEN OFF RM	AT 31.12.2012 RM
GROUP					
ACCUMULATED DEPRECIATION					
Freehold land and buildings	24,531	65,445	(21,017)	–	68,959
Leasehold land buildings	–	62,758	–	–	62,758
Motor vehicles	2,774,132	112,721	(76,370)	–	2,810,483
Furniture and fittings, laboratory, signboard, office and store equipment	3,696,318	489,958	(16,115)	(37,184)	4,132,977
Demo equipment, research and development equipment and machinery	242,380	16,705	–	–	259,085
Electrical fittings	65,349	9,814	–	–	75,163
Renovation	487,670	42,998	–	–	530,668
	7,290,380	800,399	(113,502)	(37,184)	7,940,093

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

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

	2013 RM	2012 RM
GROUP		
CARRYING AMOUNTS		
Freehold land and buildings, at valuation	14,940,535	12,788,002
Leasehold land buildings, at valuation	3,624,484	3,687,242
Motor vehicles	836,068	625,407
Furniture and fittings, laboratory, signboard, office and store equipment	2,689,744	2,693,477
Demo equipment, research and development equipment and machinery	7,125	21,911
Electrical fittings	109,675	104,947
Renovation	77,940	78,361
	22,285,571	19,999,347

	AT 1.1.2013 RM	ADDITIONS RM	AT 31.12.2013 RM
COMPANY			
COST			
Furniture and fittings, laboratory, office and store equipment	48,847	–	48,847
Renovation	64,382	–	64,382
	113,229	–	113,229

	AT 1.1.2013 RM	CHARGE FOR THE YEAR RM	AT 31.12.2013 RM
COMPANY			
ACCUMULATED DEPRECIATION			
Furniture and fittings, laboratory, office and store equipment	34,638	4,041	38,679
Renovation	60,381	3,684	64,065
	95,019	7,725	102,744

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

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

	AT 1.1.2012 RM	ADDITIONS RM	AT 31.12.2012 RM
COMPANY			
COST			
Furniture and fittings, laboratory, office and store equipment	45,397	3,450	48,847
Renovation	64,382	–	64,382
	109,779	3,450	113,229

	AT 1.1.2012 RM	CHARGE FOR THE YEAR RM	AT 31.12.2012 RM
COMPANY			
ACCUMULATED DEPRECIATION			
Furniture and fittings, laboratory, office and store equipment	30,748	3,890	34,638
Renovation	56,474	3,907	60,381
	87,222	7,797	95,019

	COMPANY	
	2013 RM	2012 RM
CARRYING AMOUNTS		
Furniture and fittings, laboratory, office and store equipment	10,168	14,209
Renovation	317	4,001
	10,485	18,210

The carrying amounts of the property, plant and equipment under finance lease of the Group are as follow:

	GROUP	
	2013 RM	2012 RM
Motor vehicles	684,859	405,083

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

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

The Group has pledged the following property, plant and equipment to licensed banks to secure banking facilities granted to the Group:

	GROUP	
	2013 RM	**2012 RM**
Carrying Amount		
Freehold land and buildings	960,091	971,661

Revaluation of assets

Freehold land and buildings and leasehold land and buildings of the Group were revalued on 5 October 2011 and 12 December 2011 by Messrs. Chartwell ITAC International (Kajang) Sdn Bhd, an independent professional valuer, registered with the Board of Valuers, Appraisers and Estate Agents, based on the Comparison Method (open market value). The resultant revaluation surplus of RM7,091,390 (net of deferred taxation) had been recognised as other comprehensive income.

Had the revalued assets been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets of the Group would have been RM7,988,471 (2012: RM8,051,900).

7. INVESTMENT PROPERTIES

	GROUP	
	2013 RM	**2012 RM**
Freehold land and buildings:		
At beginning of the financial year	3,240,000	3,240,000
Gain on fair value adjustment of investment properties	–	–
At end of the financial year	3,240,000	3,240,000

The fair value of the investment properties as at 31 December 2013 are estimated by the Group at approximately RM3,240,000 as the changes in the fair value of the investment properties since the last financial year are insignificant.

The fair value of the investment properties of the Group at 31 December 2011 is determined by a valuation carried out by Messrs. Chartwell ITAC International (Kajang) Sdn Bhd, an independent professional valuer, registered with the Board of Valuers, Appraisers and Estate Agents, based on the Comparison Method (open market value).

The Group have pledged investment properties with carrying amount of RM440,000 (2012: RM440,000) to licensed banks to secure banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

8. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY 2013 RM	COMPANY 2012 RM
Unquoted shares, at cost	19,536,449	18,852,449
Add: Increase in investment in unquoted shares	3,629,000	684,000
	23,165,449	19,536,449
Less: Accumulated impairment		
At beginning of the financial year	4,118,251	3,218,251
Impairment losses recognised during the year	200,000	900,000
At end of the financial year	4,318,251	4,118,251
Carrying amount	18,847,198	15,418,198

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

Name of Subsidiaries	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
Brite-Tech Corporation Sdn. Berhad.	100%	100%	To provide a complete range of services and products in the field of water treatment, pollution control and fuel treatment as well as engineered and formulated chemical products for water clarification, wastewater treatment, minimizing wastewater sludge generation, steam generation system and cooling water system.
Hooker Chemical Sdn. Berhad.	100%	100%	To provide consultation, environmental impact studies, engineering design, construction, installation and commissioning of water purification, recycling and wastewater treatment systems.
Rank Chemical Sdn. Bhd.	100%	100%	To provide rental of portable ion-exchange resin columns and supply of institutional housekeeping chemicals, industrial maintenance chemicals and hotel amenities.
Spectrum Laboratories Sdn. Berhad	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

8. *INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)*

Name of Subsidiaries	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
Spectrum Laboratories (Penang) Sdn. Berhad (The Company holds 70.24% direct interest in Spectrum Laboratories (Penang) Sdn. Berhad, the remaining 29.76% is held indirectly through subsidiary Spectrum Laboratories Sdn. Berhad)	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.
Spectrum Laboratories (Johore) Sdn. Berhad (The Company holds 70.64% direct interest in Spectrum Laboratories (Johore) Sdn. Berhad, 14.68% is held indirectly through Brite-Tech Corporation Sdn. Berhad and the remaining 14.68% is held indirectly through Hooker Chemical Sdn. Berhad)	100%	100%	To provide analytical laboratory services such as effluent analysis, air and water quality analysis, soil analysis, food analysis and organics analysis; and to provide environmental monitoring services such as air and water quality monitoring, noise level monitoring, air emission monitoring and wastewater characteristic studies.
Brite-Tech (Sabah) Sdn. Bhd.	89%	89%	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 environment monitoring services and other related business. The Company has ceased its operation.
Renown Orient Sdn. Bhd.	100%	100%	To provide general trading, investment holding, water treatment services and other related business. The Company has not commenced business operation since its incorporation date.
* Sincere United Sdn. Bhd.	70%	70%	To import and export chemical and other raw materials.
* Tan-Tech Polymer Sdn. Bhd.	60%	60%	To provide consultancy services and manufacturing of polymers and its related products.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

SUBSIDIARY COMPANY OF BRITE-TECH CORPORATION SDN. BERHAD

Name of Subsidiary	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
Cybond Chemical Sdn. Bhd.	100%	100%	To provide water treatment chemicals and provide other related services.

SUBSIDIARY COMPANY OF HOOKER CHEMICAL SDN. BERHAD

Name of Subsidiary	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
Akva-Tek Sdn. Bhd.	51%	51%	The principal activity of the company is that to deal in chemical, laboratory and industrial product.

* *Not audited by Messrs. ECOVIS AHL*

During the financial year, the Company subscribed to additional RM3,629,000 ordinary shares of RM1.00 each in Brite-Tech Corporation Sdn. Berhad, for a total consideration of RM3,629,000 by way of capitalisation of amount owing by the subsidiary company.

9. INVESTMENT IN ASSOCIATED COMPANY

	GROUP 2013 RM	GROUP 2012 RM
Investment in associated company, at cost	11,400	11,400
Less: Impairment loss recognised	(11,400)	(11,400)
	–	–

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

Name of Associate	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
Hooker Chemical (Johore) Sdn. Berhad (Associated Company of Hooker Chemical Sdn. Berhad)	19%	19%	Dealing with water and wastewater treatment system. It has ceased business on 1 June 2001.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

10. OTHER INVESTMENT

	GROUP AND COMPANY	
	2013 RM	2012 RM
Non-current		
Unquoted shares, at cost		
Available-for-sale financial asset	152,100	152,100

Investment in unquoted shares of the Group, designated as available-for-sale financial asset is stated at cost as their fair values cannot be measured using valuation techniques due to lack of marketability of the shares.

On 3 January 2014, the above investment was sold for RM300,000 as stated in Note 43 (f).

11. GOODWILL

a)

	GROUP	
	2013 RM	2012 RM
Cost		
At beginning/end of the financial year	5,678,772	5,678,772
Accumulated impairment		
At beginning of the financial year	3,910,720	3,010,720
Impairment losses recognised	200,000	900,000
At end of the financial year	4,110,720	3,910,720

	2013 RM	2012 RM
Carrying amount	1,568,052	1,768,052

The carrying amounts of the goodwill allocated to the cash-generating units (CGU) are as follows:

	GROUP	
	2013 RM	2012 RM
Manufacturing - CGU 1	1,568,052	1,768,052

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

11. GOODWILL (CONT'D)

b) The recoverable amounts of the cash-generating units are determined based on the computation of value in use.

The key assumptions used in the computation of value in use are discount rates, growth rates and projected cash flows from use and disposal at the end of the useful life.

Discount rate is determined based on the pre-tax rate that reflect current market assessment of the time value of money and risks specific to the assets.

The projected cash flows from use are derived from the most recent financial budgets approved by management for the next ten years and extrapolated cash flows for the following years based on estimated growth rates. The projected growth rates do not excess the industrial average growth rates.

The estimate of net cash flows for the disposal of the asset at the end of its useful life is the present value of the amount that the Group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

The key assumptions used for determining value in use, which are determined based on management's past experience and expectation of the future development, are as follows:

	Manufacturing segment %
Profit margin	20
Growth rate	5-8
Discount rate	10

12. INVENTORIES

	GROUP 2013 RM	2012 RM
Laboratory supplies	130,864	116,266
Raw materials	728,521	769,682
Finished goods	651,948	380,417
Work-in-progress	13,280	11,860
	1,524,613	1,278,225

13. TRADE RECEIVABLES

	GROUP 2013 RM	2012 RM
Trade receivables	7,113,965	6,637,422
Less: Allowance for impairment losses	(236,138)	(177,500)
	6,877,827	6,459,922

The Group's normal trade credit term range from 60 to 90 days (2012: 60 to 90 days). Other credit terms are assessed and approved on a case by case basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

13. *TRADE RECEIVABLES (CONT'D)*

MOVEMENT IN THE ALLOWANCE FOR IMPAIRMENT LOSSES

The allowance account in respect of the trade receivables are used to record impairment losses. The creation and release of allowance for impaired receivables have been included in 'other operating expenses' in the profit or loss. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The movement in the allowance for impairment losses of trade receivables during the financial year are as follows:

	GROUP	
	2013 RM	2012 RM
At beginning of the financial year	177,500	183,843
Impairment losses recognised	114,139	14,200
Allowance written off	(49,501)	(20,543)
Bad debts recovered	(6,000)	–
At end of the financial year	236,138	177,500

The allowance for impairment losses of trade receivables are those trade receivables that are individually impaired. These trade receivables are in significant difficulties and have defaulted on payments. They are not secured by any collateral or credit enhancement.

Based on the Group's and the Company's historical collection experience, the amounts of trade receivables presented on the statements of financial position represent the amount exposed to credit risk. The management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the net trade receivables.

AGEING ANALYSIS ON TRADE RECEIVABLES

The ageing analysis of the Group's trade receivables are as follow:

	GROUP	
	2013 RM	2012 RM
Neither past due nor impaired	4,619,443	4,394,941
Past due 1 – 30 days	905,515	843,557
Past due 31 – 60 days	571,015	404,687
Past due more than 60 days	1,017,992	994,237
	7,113,965	6,637,422
Impairment past due and impaired	(236,138)	(177,500)
	6,877,827	6,459,922

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

13. TRADE RECEIVABLES (CONT'D)

AGEING ANALYSIS ON TRADE RECEIVABLES (CONT'D)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired relate to customers for whom there are no default and considered to be creditworthy and able to settle their debts. None of the Group's trade receivables that are neither past due nor impairment have been renegotiated during the financial year.

Receivables that are past due but not impaired

As at 31 December 2013, the Group has trade receivables amounting to RM2,258,384 (2012: RM2,064,981) that are past due at the reporting date but not impaired. Trade receivables that are past due but not impaired relate to customers that have no expectation of default based on historical dealings with the Group. Based on past experience and no adverse information to date, the Directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered to be fully recoverable.

The maximum exposure of credit risk at the reporting date is the carrying value of receivables mentioned above. The Company does not hold any collateral as security.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	653,285	625,131	–	1,827
Deposits	190,786	91,770	2,000	2,000
Prepayments	21,337	37,342	–	187
Dividend receivable from subsidiary companies	–	–	1,593,800	2,161,460
	865,408	754,243	1,595,800	2,165,474

Included in other receivables are litigation claim amounting to RM578,393 as disclosed in Note 41.

15. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

The amount owing by/(to) subsidiary companies represented trade and non-trade transactions which are unsecured, interest-free and repayable on demand.

16. SHORT-TERM INVESTMENTS

Short-term investments represent deposits placement with investment fund management companies. The average effective interest rates of the short-term investments range from 2.04% to 2.84% (2012: 2.01% to 2.96%) on daily basis and are readily convertible to cash with insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

17. FIXED DEPOSITS WITH LICENSED BANKS

The average effective interest rates of the fixed deposits with licensed banks at the reporting date is 2.55% to 3.50% (2012: 2.55% to 3.50%) per annum.

18. SHARE CAPITAL

	GROUP AND COMPANY			
	NUMBER OF SHARES		AMOUNT	
	2013 UNITS	2012 UNITS	2013 RM	2012 RM
ORDINARY SHARES OF RM0.10 EACH				
AUTHORISED	500,000,000	500,000,000	50,000,000	50,000,000
ISSUED AND FULLY PAID-UP	252,000,000	252,000,000	25,200,000	25,200,000

19. REVALUATION RESERVE

Revaluation reserve arose from the revaluation of the freehold land and buildings and leasehold land and buildings of the Group. Revaluation reserve is not available for distribution as dividends to the Company's shareholders.

The following are the movements of revaluation reserve:

	Note	2013 RM	2012 RM
Property, plant, and equipment			
At beginning of the year		7,333,752	7,359,443
Revaluation increase		–	–
Deferred tax liability on revaluation surplus	21	(272,462)	–
Realisation of revaluation reserve		–	(25,691)
At end of the year		7,061,290	7,333,752

20. RETAINED PROFITS

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes.

Under this system, all of the Company's retained profits are distributable by way of single tier dividends and the dividend distributed to shareholders from the Company's profit will be exempted from tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

21. DEFERRED TAX LIABILITIES

The following are the movements of deferred tax liabilities:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
At beginning of financial year	1,657,776	1,607,423	–	3,900
Recognised in profit or loss	(16,058)	50,353	–	(3,900)
Recognised in the equity (Note 19)	272,462	–	–	–
At end of financial year	1,914,180	1,657,776	–	–

The deferred tax liabilities are made up of the following:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
The tax effect of the excess of property, plant and equipment's carrying value over its tax base	486,724	489,176	–	–
Deferred tax liability on revaluation surplus of properties	1,427,456	1,168,600	–	–
	1,914,180	1,657,776	–	–

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Plant and equipment	(15,992)	(23,905)	(9,548)	(16,562)
Unabsorbed capital allowances	114,881	271,230	25,890	27,081
Unutilised tax losses	1,713,713	1,843,216	202,443	115,704
	1,812,602	2,090,541	218,785	126,223
Unrecognised deferred tax assets at 25%	453,151	522,635	54,696	31,556

The unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. The unabsorbed capital allowances and unutilised tax losses are subject to the agreement of the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

22. LOAN AND BORROWINGS

	GROUP 2013 RM	GROUP 2012 RM
Current liabilities		
Secured		
Finance lease liabilities	169,182	89,087
Term loan	10,148	9,734
	179,330	98,821
Non-current liabilities		
Secured		
Finance lease liabilities	368,591	257,550
Term loan	275,328	284,731
	643,919	542,281
Total borrowings		
Secured		
Finance lease liabilities	537,773	346,637
Term loan	285,476	294,465
	823,249	641,102

	GROUP 2013 %	GROUP 2012 %
Interest rates on the above are as follows:		
Finance lease liabilities	2.46 - 5.42	2.55 - 5.58
Term loan	4.60	4.60

The banking facilities of the Group comprise 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

22. LOAN AND BORROWINGS (CONT'D)

	GROUP	
	2013 RM	**2012 RM**
Finance lease liabilities		
Minimum lease payment		
- not later than 1 year	191,508	105,024
- between 1 to 2 years	189,660	105,024
- between 2 to 5 years	199,446	171,361
	580,614	381,409
Future finance charges on finance lease	(42,841)	(34,772)
Present value of finance lease liabilities	537,773	346,637
Present value of finance lease is analysed as follows:		
Current liabilities		
- not later than 1 year	169,182	89,087
Long term liabilities		
- between 1 to 2 years	176,079	94,242
- between 2 to 5 years	192,512	143,409
- more than 5 years	–	19,899
	537,773	346,637

The Group obtains finance lease facilities to finance certain of its plant and machinery and motor vehicles. The average remaining lease term is 5 years as at 31 December 2013. Implicit interest rate of the finance lease is fixed at the date of the agreement, and the amount of lease payments are fixed throughout the lease period. The Group has the option to purchase the assets at the end of the agreement with minimum purchase considerations. There is no significant restriction clauses imposed on the finance lease arrangements.

	GROUP	
	2013 RM	**2012 RM**
Term loan		
- not later than 1 year	23,280	23,280
- between 1 to 2 years	23,280	23,280
- between 2 to 5 years	69,840	69,840
- more than 5 years	169,076	178,065
	285,476	294,465

The term loans of the Group are secured by a legal charge over the Group's landed properties, fixed and floating charges over assets of the Group and guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

23. TRADE PAYABLES

The credit terms of trade payables granted to the Group range from 60 to 90 days (2012: 60 to 90 days).

24. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Other payables	286,100	362,610	–	–
Accruals	868,110	962,240	156,690	156,406
Deposits received	38,850	31,460	–	–
	1,193,060	1,356,310	156,690	156,406

25. AMOUNT OWING TO DIRECTORS

The amount owing to Directors represented advance from Directors which are unsecured, interest free and repayable on demand.

26. AMOUNT OWING TO ASSOCIATED COMPANY

This amount is unsecured, interest-free and repayable on demand.

27. BANK OVERDRAFT

	GROUP	
	2013 RM	2012 RM
Unsecured	96,760	–

The average effective interest rates of the bank overdraft were 8.07% (2012: 8.07%) per annum.

The bank overdrafts of the Group are secured by corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

28. REVENUE

	GROUP 2013 RM	GROUP 2012 RM	COMPANY 2013 RM	COMPANY 2012 RM
Trading sales and services	24,552,320	21,761,371	–	–
Dividend income from subsidiaries	–	–	1,683,800	2,251,460
Management fee income	–	–	1,206,000	1,206,000
	24,552,320	21,761,371	2,889,800	3,457,460

29. FINANCE INCOME

	GROUP 2013 RM	GROUP 2012 RM	COMPANY 2013 RM	COMPANY 2012 RM
Interest income on:				
- Fixed deposits	175,005	201,784	98,557	124,197
- Bank interest	432	101	–	–
- Short-term investment	179,081	122,265	109,343	64,608
- Other interest	–	3,665	–	–
	354,518	327,815	207,900	188,805

30. FINANCE EXPENSES

	GROUP 2013 RM	GROUP 2012 RM
Interest expenses on:		
- Finance leases	22,752	11,307
- Overdraft	4,259	4,075
- Term loans	14,106	16,368
- Others	5,307	3,551
	46,424	35,301

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

31. PROFIT BEFORE TAX

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax is arrived at after charging:				
Allowance for impairment losses on trade receivables	114,139	14,200	–	–
Auditors' remuneration:				
- statutory audit	48,100	42,600	10,200	7,700
- non-audit services	18,000	–	18,000	–
Bad debts written off	7,870	1,460	–	–
Depreciation of property, plant and equipment	804,380	800,399	7,725	7,797
Directors' fee	312,000	300,000	312,000	300,000
Directors' non-fee emoluments	963,227	920,367	896,256	903,168
Finance expenses	46,424	35,301	–	–
Impairment loss on goodwill	200,000	900,000	–	–
Impairment loss on investment in subsidiary companies	–	–	200,000	900,000
Internal audit fees	36,000	36,000	36,000	36,000
Inventories written off	109,098	99,596	–	–
Loss on disposal of property, plant and equipment	–	1,628	–	–
Plant and equipment written off	54,073	18,935	–	–
Realised loss on foreign exchange	1,429	–	–	–
Rental expenses	5,240	3,980	–	–
Rental of equipment	9,212	8,060	–	–
Rental of motor vehicle	5,060	4,005	–	–
Rental of premises	65,400	49,738	–	–
Research and development expenditure	1	47	–	–
And crediting:				
Bad debt recovered	(6,000)	(9,472)	–	–
Dividend income from subsidiary companies	–	–	(1,683,800)	(2,251,460)
Finance income	(354,518)	(327,815)	(207,900)	(188,805)
Realised gain on foreign exchange	(30,979)	(20,794)	–	–
Gain on disposal of property, plant and equipment	(100)	–	–	–
Management fee income	–	–	(1,206,000)	(1,206,000)
Rental income	(139,765)	(134,440)	–	–

Rental income generated from investment properties amounted to RM122,365 (2012: RM116,440).

Direct operating expenses from investment properties that generated rental income during the financial year amounted to RM8,797 (2012: RM7,472).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

32. EMPLOYEES BENEFITS EXPENSES

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Salaries, wages, bonuses and allowance	4,968,512	4,810,802	1,196,520	1,179,900
Defined contribution plan	598,627	574,666	99,561	106,588
Socso contribution	50,095	47,459	3,162	3,141
	5,617,234	5,432,927	1,299,243	1,289,629

Employees benefit expenses including the aggregate amount of emoluments received and receivable by the Directors of the Group and of the Company during the financial year, as follows:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive Directors:				
- salaries	840,027	798,667	691,200	691,200
- bonus	123,200	121,700	115,200	115,200
- fees	276,000	276,000	276,000	276,000
Non-executive directors:				
- fees	36,000	24,000	36,000	24,000
	1,275,227	1,220,367	1,118,400	1,106,400

33. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Current tax:				
- current financial year	1,205,063	1,210,280	–	–
- overprovision in the previous financial year	(5,622)	(14,115)	–	–
	1,199,441	1,196,165	–	–
Deferred tax:				
- current financial year	(18,752)	(19,229)	–	–
- under/(over) provision in the previous financial year	2,694	69,582	–	(3,900)
	(16,058)	50,353	–	(3,900)
	1,183,384	1,246,518	–	(3,900)

The Malaysian corporate income tax rate is expected to reduce from 25% to 24% with effect from year of assessment 2016 as announced in the 2014 Budget.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

33. INCOME TAX EXPENSE (CONT'D)

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

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax	4,606,819	3,802,807	1,395,085	1,299,784
Tax at the statutory tax rate of 25% (2012: 25%)	1,151,706	950,702	348,771	324,946
Tax effects of:-				
Non-deductible expenses	439,227	333,099	127,904	252,035
Non-taxable income	(128,808)	(33,499)	(476,675)	(579,017)
Deferred tax assets not recognised during the financial year	8,109	2,931	–	2,036
Utilisation of previously unrecognised deferred tax assets	(270,810)	(46,566)	–	–
Crystallisation of deferred tax liabilities arose from revaluation surplus	(13,112)	(15,616)	–	–
Over provision of current tax in the previous financial year	(5,622)	(14,115)	–	–
Under/(over) provision of deferred tax in the previous year	2,694	69,582	–	(3,900)
Income tax expense for the financial year	1,183,384	1,246,518	–	(3,900)

34. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2013 is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	GROUP	
	2013 RM	2012 RM
Profit attributable to ordinary shareholders (RM)	3,350,089	2,439,853
Weighted average number of ordinary shares	252,000,000	252,000,000
Basic earnings per ordinary share (sen)	1.33	0.97

(b) Diluted earnings per ordinary share

The Group does not have any potential dilutive ordinary shares, thus, diluted earnings per ordinary share is not presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

35. DIVIDEND

	GROUP AND COMPANY	
	2013 RM	2012 RM
Paid:		
In respect of the financial year ended 31 December 2012 - a first and final single tier dividend of 60 sen per ordinary share	1,511,999	–
In respect of the financial year ended 31 December 2011 - a first and final single tier dividend of 48 sen per ordinary share	–	1,209,598
	1,511,999	1,209,598

At the forthcoming Annual General Meeting, a final dividend under the single tier system in respect of the financial year ended 31 December 2013 of 0.63 sen per share on 252,000,000 ordinary shares, amounting to a dividend payable of approximately RM1,587,600 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2014.

36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	GROUP	
	2013 RM	2012 RM
Cost of property, plant and equipment purchased	3,144,677	876,760
Amount financed through hire purchase	(315,000)	(234,900)
Cash disbursed for purchase of property, plant and equipment	2,829,677	641,860

37. RELATED PARTY DISCLOSURES

(a) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:

	COMPANY	
	2013 RM	2012 RM
Subsidiaries		
Dividend income receivable	1,683,800	2,251,460
Management fee	1,206,000	1,206,000

(b) The key management personnel comprised mainly Executive Directors of the Company whose remuneration are disclosed in Note 32.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

38. CAPITAL COMMITMENT

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

	GROUP	
	2013 RM	2012 RM
Approved and contracted for arising from:		
Purchase of property, plant and equipment	5,058,116	–

39. CONTINGENT LIABILITIES

	COMPANY	
	2013 RM	2012 RM
Unsecured:-		
Corporate guarantee given to financial institutions for finance lease facilities granted to subsidiary companies	14,494,000	16,714,000

The Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material as the repayment is on schedule. Therefore, no financial liabilities have been accounted for in the financial statements.

40. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

On 1 November 2013, the Company's wholly owned subsidiary, Renown Orient Sdn. Bhd. had entered into Sales and Purchase Agreements ("SPA") with Eng Lee Logistics Pte. Ltd. ("Purchaser") for the disposal of two pieces of vacant leasehold land in Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim for a total consideration of RM 4,339,659.

Subsequently on 3 April 2014, the Proposed Disposal has been completed following the full payment of the Balance Disposal Consideration by the Purchaser in accordance to the terms and conditions of the SPA.

41. MATERIAL LITIGATION

Hooker Chemical Sdn. Bhd. ("HCSB" or "the Plaintiff") vs ACE Environment Pte. Ltd. ("ACE" or "the Defendant")

Writ of Summons and Statement of Claim were filed in the Subordinate Courts of the Republic of Singapore by HCSB against ACE on 28 January 2014 to claim a total sum of SGD241,040 in respect of the supply of a Single Hyper X (Double Module) machine ("the Machinery") by the Defendant which failed to meet the performance criteria stipulated under the Purchase Order issued by the Plaintiff. The sum of SGD241,040 includes the refund for the full purchase price of SGD230,600 for the Machinery and warehouse expenses of SGD10,440 to store the Machinery at the Plaintiff's premises.

The Writ of Summons and Statement of Claim were served on the Defendant on 3 February 2014 and in view of the Defendant's default to file a Memorandum of Appearance, the Plaintiff's lawyers had proceeded to file a Request to Enter Default Judgment ("Request") on 13 February 2014 which was rejected for the reason that the Plaintiff's claim for warehouse charges was in the nature of damages, and hence, Judgment ought to be entered by way of an Interlocutory Judgment instead of a Final Judgment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

41. MATERIAL LITIGATION (CONT'D)

Subsequently, the Plaintiff's lawyers filed another Request on 17 February 2014 as per the Registrar's Written Direction on 13 February 2014. The same was rejected again and the Plaintiff's lawyers were directed to address whether the warehouse charges would exceed the District Court jurisdiction.

Thereafter, the Plaintiff's lawyers filed another Request on 25 February 2014 and informed the Honourable District Judge that the warehouse charges which the Plaintiff is claiming for is a liquidated sum, in the sum of SGD10,440. Hence, the total sum claimed by the Plaintiff in the action herein is in the sum of SGD241,040 which does not exceed the District Court's jurisdiction. The Plaintiff's lawyers had requested that the Default Judgment be entered against the Defendant in respect of the Plaintiff's entire claim, with interest and costs.

The Courts had on 27 February 2014 ordered the Defendant to pay the Plaintiff the outstanding sum of SGD241,040 ("the Judgment Sum") including interest and costs, with interest on the Judgment Sum at the rate of 5.33% per annum from the date of the Writ of Summons to the date of the Judgment and costs of SGD1,800.

42. SEGMENTS INFORMATION

The Board of Directors is the Group's chief operating decision maker. For management purposes, the 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 included transfers between segments. The prices charged on intersegment transactions are at an arm's length transactions and not materially different for similar goods to parties outside of the economic entity. These transfers are eliminated on consolidation.

The Group comprises the following main business segments:

Environmental products and services	To provide a complete range of services and products in the field of water treatment as well as engineered and formulated chemical products for water and wastewater treatment; and to provide analytical laboratory and environmental monitoring services.
System equipment and ancillary products	To provide consultation, engineering design, construction, installation and commissioning of water purification, water recycling and wastewater treatment systems; and to provide rental of portable ion-exchange resin columns as well as supply of chemicals and consumer products.
Investments	Investments, management and other operations which are not sizeable to be reported separately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

42. SEGMENTS INFORMATION (CONT'D)

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

	ENVIRONMENTAL PRODUCTS AND SERVICES RM	SYSTEM EQUIPMENT AND ANCILLARY PRODUCTS RM	INVESTMENTS RM	ELIMINATIONS RM	TOTAL RM
GROUP					
2013					
REVENUE					
External revenue	19,956,241	4,596,079	–	–	24,552,320
Inter-segment revenue	909,022	15,082	1,206,000	(2,130,104)	–
Total revenue	20,865,263	4,611,161	1,206,000	(2,130,104)	24,552,320
RESULTS					
Segment results (external)	3,966,597	902,334	(370,206)	–	4,498,725
Impairment loss of goodwill					(200,000)
Finance income					354,518
Finance costs					(46,424)
Profit before tax					4,606,819
Income tax expense					(1,183,384)
Profit after tax					3,423,435
Non-controlling interests					(73,346)
Net profit attributable to equity holders of the Company					3,350,089
OTHER INFORMATION					
Segment assets	32,397,595	9,252,726	8,048,677	–	49,698,998
Segment liabilities	3,633,928	702,089	157,999	–	4,494,016
Capital expenditure	2,789,382	40,295	–	–	2,829,677
Depreciation	611,180	138,140	55,060	–	804,380
Non-cash expenses other than depreciation	27,155	109,097	200,000	–	336,252

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

42. SEGMENTS INFORMATION (CONT'D)

	ENVIRONMENTAL PRODUCTS AND SERVICES RM	SYSTEM EQUIPMENT AND ANCILLARY PRODUCTS RM	INVESTMENTS RM	ELIMINATIONS RM	TOTAL RM
GROUP					
2012					
REVENUE					
External revenue	17,818,873	3,942,498	–	–	21,761,371
Inter-segment revenue	969,639	21,744	1,206,000	(2,197,383)	–
Total revenue	18,788,512	3,964,242	1,206,000	(2,197,383)	21,761,371
RESULTS					
Segment results (external)	4,236,447	476,714	(302,868)	–	4,410,293
Impairment loss of goodwill					(900,000)
Finance income					327,815
Finance costs					(35,301)
Profit before tax					3,802,807
Income tax expense					(1,246,518)
Profit after tax					2,556,289
Non-controlling interests					(116,436)
Net profit attributable to equity holders of the Company					2,439,853
OTHER INFORMATION					
Segment assets	27,016,702	8,906,578	11,040,934	–	46,964,214
Segment liabilities	2,848,770	524,020	216,232	–	3,589,022
Capital expenditure	621,960	16,450	3,450	–	641,860
Depreciation	577,068	168,199	55,132	–	800,399
Non-cash expenses other than depreciation	36,223	110,996	900,000	–	1,047,219

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

43. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of financial risks: market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(i) Market Risk

(i) Foreign Currency Risk

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD").

The Group maintains a natural hedge, whenever is possible, by matching the receivables and the payables in the same currency. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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

The Group's exposure to foreign currency is as follows:

GROUP	USD RM	SGD RM	OTHERS RM	TOTAL RM
2013				
Trade receivables	109,932	–	–	109,932
Other receivables	–	578,393	–	578,393
Cash and bank balances	102,763	307	14,001	117,071
Trade payables	(473,477)	(8,528)	–	(482,005)
Currency exposure	(260,782)	570,172	14,001	323,391
2012				
Trade receivables	51,361	–	–	51,361
Other receivables	–	578,393	–	578,393
Cash and bank balances	104,966	11	14,001	118,978
Trade payables	(211,997)	–	–	(211,997)
Currency exposure	(55,670)	578,404	14,001	536,735

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

43. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The group has not recorded the unrealised gain approximately of RM63,000 (2012: RM17,000) during the financial year due to insignificant impact on the results of the Group.

Currency risk sensitivity analysis

A 10% depreciation/appreciation of the foreign currencies against RM would result in an approximate decrease/increase in pre-tax profit by RM32,000 (2012: RM54,000) with all other variables held constant.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be replaced with licensed financial institution to generate interest income.

The Group's interest bearing assets are primarily short term investment and short term bank deposits with financial institutions. The interest rates on these deposits are monitored closely to ensure they are maintained at favourable rates. The Group considers the risk of significant changes to interest rates on deposits to be unlikely.

The Group is not exposed to interest rate risk on the interest bearing financial liabilities as these financial liabilities are carried at fixed rate and measured at amortised cost. As such, sensitivity analysis is not disclosed.

(ii) Credit Risk

Cash and bank balances are placed with reputable financial institutions based on rating agencies' ratings. The Group placed funds in respect of other financial assets by reference to the investment evaluation procedures to ensure that the credit risk is kept at minimum level.

Therefore, credit risk arises mainly from the inability of its receivables to make payments when due. Trade receivables presented in the statements of financial position are net of allowances for impairment losses, estimated by management based on prior experience and the current economic environment.

The carrying amounts of the financial assets recorded on the statements of financial position at the reporting date represent the Group's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk other than those disclosed in the notes.

The Group does not hold any collateral and thus, the credit exposure is continuously monitored by the Directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

43. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates). The effective interest rates of these financial liabilities are disclosed in the respective notes to the financial statements.

GROUP	LESS THAN 1 YEAR RM	BETWEEN 1 - 2 YEARS RM	BETWEEN 2 - 5 YEARS RM	MORE THAN 5 YEARS RM	TOTAL RM
2013					
Trade and other payables and accruals	3,463,588	–	–	–	3,463,588
Amount owing to directors	110,419	–	–	–	110,419
Finance lease liabilities	169,182	176,079	192,512	–	537,773
Term loan	23,280	23,280	69,840	169,076	285,476
	3,766,469	199,359	262,352	169,076	4,397,256
2012					
Trade and other payables and accruals	2,845,309	–	–	–	2,845,309
Amount owing to Directors	102,611	–	–	–	102,611
Finance lease liabilities	89,087	94,242	143,409	19,899	346,637
Term loan	23,280	23,280	69,840	178,065	294,465
	3,060,287	117,522	213,249	197,964	3,589,022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

43. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk (Cont'd)

COMPANY	LESS THAN 1 YEAR RM	BETWEEN 1 - 2 YEARS RM	BETWEEN 2 - 5 YEARS RM	MORE THAN 5 YEARS RM	TOTAL RM
2013					
Other payables and accruals	156,690	–	–	–	156,690
	156,690	–	–	–	156,690
2012					
Other payables and accruals	156,406	–	–	–	156,406
Amount owing to subsidiary company	54,000	–	–	–	54,000
	210,406	–	–	–	210,406

(b) Fair Values Of Financial Instruments

The carrying amounts of financial instruments of the Group and of the Company at the end of the reporting period approximated their fair value except as set out below:

	CARRYING AMOUNT 2013 RM	2012 RM
Group and Company		
<u>**Financial Asset**</u>		
Other investment		
- Unquoted shares	152,100	152,100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

43. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values Of Financial Instruments (Cont'd)

It is not practical to estimate the fair value of the Group's and of the Company's investment in unquoted corporation because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Available-for-sale financial asset of the Group and of the Company comprised unquoted shares in Malaysia. It was not practicable to estimate the fair value of this investment due to the lack of comparable quoted market prices.

(iii) The carrying amounts of the non-current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of other financial assets and financial liabilities of the Group approximate their carrying value and the Group does not anticipate the carrying amounts recorded at the end of the reporting period to the significantly different from the value that would eventually be settled or received.

(c) Classification of Financial Instruments

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Financial assets				
Available for sale				
Other investment	152,100	152,100	152,100	152,100
Loans and receivables				
Trade receivables	6,877,827	6,459,922	–	–
Other receivables and deposits	865,408	754,243	1,595,800	2,165,474
Amount owing by subsidiary companies	–	–	2,756,522	2,963,632
Short-term investments	7,972,766	4,271,666	2,519,035	2,103,481
Fixed deposits with licensed banks	3,498,455	7,436,935	1,252,434	4,393,658
Cash and bank balances	1,714,206	1,603,724	45,059	135,308
	20,928,662	20,526,490	8,168,850	11,761,553

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

43. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments (Cont'd)

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Financial liabilities				
Other financial liabilities				
Trade payables	2,270,528	1,488,999	–	–
Other payables and accruals	1,193,060	1,356,310	156,690	156,406
Amount owing to Directors	110,419	102,611	–	–
Amount owing to a subsidiary company	–	–	–	54,000
Amount owing to associated Company	–	–	–	–
Bank overdraft	96,760	–	–	–
Finance lease liabilities	537,773	346,637	–	–
Term loans	285,476	294,465	–	–
	4,494,016	3,589,022	156,690	210,406

(d) Capital Risk Management

The primary objective of the Group's capital is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it, in the light of changes in economic conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2013 and 31 December 2012.

The Group and the Company are not subject to externally imposed capital requirements.

The gearing ratio at the reporting date was as follows:

	GROUP	
	2013 RM	2012 RM
Debts		
Finance lease liabilities	537,773	346,637
Bank overdrafts	96,760	–
Term loan	285,476	294,465
	920,009	641,102
Capital		
Share capital	25,200,000	25,200,000
Reserves	17,224,680	15,659,052
Non-controlling interest	681,516	668,170
Total equity	43,106,196	41,527,222
Gearing ratio	2.13%	1.54%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

43. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Value Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Level 1 and Level 2 during the financial year.

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 3 as at 31 December 2013.

(f) Unrecognised Financial Instruments

The Group had entered into a Call and Put Option Agreement ("CPOA") on 9 December 2009 for the disposal of 150,000 ordinary shares of RM1.00 each, comprising 15% equity interest in Agro Venture Carbon Sdn. Bhd. ("AVC") for a total disposal consideration of RM300,000. The salient features of CPOA are as follow:

(i) The Company grants a call option ("the Call Option") to the Purchaser to give the Purchaser the option to purchase the 15% equity interest in AVC, free from all Encumbrances ("Option Shares") from the Company within a period of 48 months from the date of the CPOA ("the Call Option Period") at RM300,000 provided that the turnover of AVC based on the latest audited financial statements of AVC at the time of the exercise of the Call Option, is less than RM5,000,000.

The Call Option may be exercisable by the Purchaser in respect of all and not part of the Option Shares within the Call Option Period.

(ii) The Purchaser grants to the Company the right to sell the Option Share ("the Put Option A") to the Purchaser within a period of 48 months from the date of the CPOA ("the Put Option A Period") at RM300,000 provided that, the turnover of AVC based on the latest audited financial statements of the time of exercise of Put Option, is RM5,000,000 or more.

(iii) The Purchaser grants to the Company the right to sell the Option Shares to the Purchaser ("Put Option B") on or after the expiry of 48 months from the date of the CPOA ("Put Option B Period"). The Put Option B shall be exercisable by the Company within 6 months from the expiry of 48 months from the date of the CPOA at RM300,000 regardless of the turnover of AVC.

The Put Option A and Put Option B may be exercisable by the Company in respect of all and not part of the Option Shares within the Put Option A Period and Put Option B Period.

On 3 January 2014, the CPOA has been completed follows by the full settlement of the Put Option B – Purchase Consideration of RM300,000 by Chow Boon Ping.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

44. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS

The following analysis of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained profits of the Company and its subsidiary companies:				
- realised	18,494,614	16,613,152	1,838,743	1,955,657
- unrealised	1,147,805	1,171,044	–	–
	19,642,419	17,784,196	1,838,743	1,955,657
Less: Consolidation adjustments	(9,479,029)	(9,458,896)	–	–
At 31 December	10,163,390	8,325,300	1,838,743	1,955,657

STATISTIC OF SHAREHOLDINGS

AS AT 2 APRIL 2014

Authorised Share Capital	-	RM50,000,000
Issued and Fully Paid-Up Share Capital	-	RM25,200,000
Class of Shares	-	Ordinary Share of RM0.10 each
Voting Rights	-	One vote per ordinary share
No. of Shareholders	-	692

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of Issued share capital
Less than 100	59	8.53	2,572	0.00
100 - 1,000	71	10.26	25,457	0.01
1,001 - 10,000	212	30.64	1,038,204	0.41
10,001 - 100,000	242	34.97	9,283,048	3.69
100,001 to less than 5% of issued shares	105	15.17	85,182,748	33.80
5% and above of issued shares	3	0.43	156,467,971	62.09
	692	100.00	252,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Name of Shareholders	No. of shares	% of shareholdings
1	Pang Wee See	113,152,861	44.90
2	Chan Ah Kien	25,213,147	10.01
3	Tan Boon Kok	24,821,963	9.85
		163,187,971	64.76

DIRECTORS' SHAREHOLDINGS

		No. of ordinary shares RM0.10 each held			
	Name	Direct	%	Indirect	%
1	Pang Wee See	113,152,861	44.90	974,400 *	0.38
2	Chan Ah Kien	25,213,147	10.01	–	–
3	Tan Boon Kok	24,821,963	9.85	16,800 **	0.01
4	Kan King Choy	10,215,841	4.05	90,552 #	0.04
5	Ir. Koh Thong How	487,200	0.19	113,152,861 +	44.90
6	Dr. Seow Pin Kwong	305,760	0.12	–	–
7	Cheng Sim Meng	–	–	–	–
8	Ng Kok Ann	–	–	–	–
9	Yee Oii Pah @ Yee Ooi Wah	487,200	0.19	113,152,861 ^	44.90

* Deemed interested by virtue of the shareholdings of 487,200 shares each, of his spouse, Yee Oii Pah @ Yee Ooi Wah and brother-in-law, Ir. Koh Thong How

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

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

** Deemed interested by virtue of the shareholdings of his spouse, Liong Mee Mee

\# Deemed interested by virtue of the shareholdings of his spouse, Lee Kim Peng

LIST OF 30 LARGEST SHAREHOLDERS

AS AT 2 APRIL 2014

	Name of Shareholders	No. of Shares	%
1	Pang Wee See	113,152,861	44.90
2	Tan Boon Kok	24,821,963	9.85
3	Chan Ah Kien	18,493,147	7.34
4	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chong Foong Melw*	11,762,088	4.67
5	Kan King Choy	10,215,841	4.05
6	Chan Ah Kien	6,720,000	2.67
7	Yong Wan Chuen	3,966,300	1.57
8	Lee Ee Lee	3,305,360	1.31
9	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Chee Seng*	2,657,592	1.05
10	Liang G-E	2,268,181	0.90
11	Liong Mei Chan	2,190,984	0.87
12	Chong Tuck Chiew	2,100,000	0.83
13	Liang G-E	2,058,824	0.82
14	Yee Teck Hing	2,057,120	0.82
15	Lee Yew Fai	2,040,000	0.81
16	Yee De-Sheng	1,708,752	0.68
17	Low Khar Ming	1,680,000	0.67
18	Chan Yin Juan @ Chin Hin Poon	1,192,800	0.47
19	Maheswaran A/L Rajamanickam	1,164,240	0.46
20	Tay Lay Cheng	1,159,704	0.46
21	See Tian Chwan	1,150,000	0.46
22	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Yuen Choy (8077937)*	974,400	0.39
23	Yap Chee Teong	900,000	0.36
24	Phua Sin Loke	840,000	0.33
25	Teo Hwee Mien	814,800	0.32
26	Tay Lay Cheng	719,544	0.28
27	Huen Wai Kuen	700,000	0.28
28	Cheah Yoke Thai	698,904	0.28
29	Yeoh Poi Long	660,728	0.26
30	Tan Boon Eng	619,800	0.25
		222,793,933	88.41

LIST OF PROPERTIES

AS AT 31 DECEMBER 2013

The following are the properties held by the Group as at 31 December 2013:

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

Location	Tenure and Existing Use	Land Area	Net Book Value as at 31.12.2013 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.	9,424	Triple storey office block and a single storey factory	18	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.	593	Double storey semidetached factory	34	1,900
				Extension	8	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.	973	Vacant land	–	–
Plot No. 37A, Mukim Kapar, Daerah Klang, Selangor D.E.**	Freehold Land (Idle)	65,326 sq.ft.	1,109	Vacant land	–	–
Plot No. 38A, Mukim Kapar, Daerah Klang, Selangor D.E.**	Freehold Land (Idle)	65,326 sq.ft.	1,109	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 Book Value as at 31.12.2013 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.	375	Double storey shophouse	21	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.	594	Double storey shophouse	22	3,072
P.T. No. 11419, Mukim of Damansara, District of Petaling, Selangor.*	Freehold Building (Assets held for investments)	1,760 sq. ft.	2,800	Triple storey shophouse	21	5,161

LIST OF PROPERTIES

AS AT 31 DECEMBER 2013 (CONT'D)

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

Location	Tenure and Existing Use	Land Area	Net Book Value as at 31.12.2013 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.	565	Single storey detached factory	14	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.	120	1½ storey light industrial factory	16	2,156
PTD 32881, Mukim and District of Kluang, Johor.*	Freehold Building (Assets held for investments)	1,540 sq. ft.	320	Double storey shophouse	19	3,080
PTD 42334, Mukim and District of Kluang, Johor.*	Freehold Building (Operational assets held for owner occupation)	7,700 sq. ft	316	Double storey semidetached factory	12	4,675
PTD 42336, Mukim and District of Kluang, Johor.*	Freehold Building (Operational assets held for owner occupation)	7,700 sq. ft	316	Double storey semidetached factory	12	4,675

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

Location	Tenure and Existing Use	Land Area	Net Book Value as at 31.12.2013 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.*	Leasehold Land (60 years, expiring in 2064) (Idle)	87,120 sq. ft.	1,252	Vacant land	–	–
PLO No. 706, Pasir Gudang Industrial Area, Mukim Plentong, Daerah Johor Bahru, Johor.*	Leasehold Land (60 years, expiring in 2064) (Idle)	87,120 sq. ft.	1,253	Vacant land	–	–

LIST OF PROPERTIES

AS AT 31 DECEMBER 2013 (CONT'D)

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 Book Value as at 31.12.2013 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (D) 97263, P.T. No. 27732, Mukim and District of Petaling, State of Selangor.*	Leasehold Land & Building (87 years, expiring in 14/11/2090) (Assets held for investment)	1,604 sq. ft.	291	Single storey terrace factory	25	1,600

A summary of the land and building owned by Spectrum Laboratories (Penang) Sdn. Bhd. is set out below:-

Location	Tenure and Existing Use	Land Area	Net Book Value as at 31.12.2013 RM'000	Type of Property	Approximate Age of Building	Built Up Area (sq ft)
H.S. (M) 1116, Lot No. 4567, Mukim 14, District of Seberang Perai Tengah, Pulau Pinang. (Date of acquisition: 21 February 2011)	Freehold Building (Operational assets held for owner occupation)	1,540 sq. ft.	395	Double storey shophouse	21	3,322

Note:-

* means:
The properties were revalued on 5 October and 12 December 2011. The valuations were carried out by Messrs. Chartwell ITAC International (Kajang) Sdn Bhd, an external independent firm of professional valuer registered with the Board of Valuers, Appraisers and Estate Agents Malaysia based on the comparison method (open market value).

** means:
Brite-Tech Corporation Sdn. Bhd. had on 5 August 2013 entered into two Sale and Purchase Agreements with Cekal Unggul Sdn. Bhd., to acquire two pieces of land in Mukim Kapar, Daerah Klang, Selangor Darul Ehsan for a total purchase consideration of RM 7,225,879.

ANNEXURE A - NOTICE OF NOMINATION OF AUDITORS

Liang G-E
18, Jalan Molek 2/5
Taman Molek
81100 Johor Bahru

Date: 18 April 2014

The Board of Directors
BRITE-TECH BERHAD
Lot 14 (PT5015), Jalan Pendamar 27/90
Seksyen 27
40000 Shah Alam
Selangor Darul Ehsan

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company, hereby give notice of my intention to nominate Messrs CAS & Associates for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs Ecovis AHL:-

"That Messrs CAS & Associates be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ecovis AHL, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,

....
Liang G-E

BRITE TECH

BRITE-TECH BERHAD

(550212-U) (Incorporated in Malaysia)

PROXY FORM

No. of shares held

I/We ....

of ....

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

....

and/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 Thirteenth Annual General Meeting of the Company, to be held at Tioman Room, Bukit Jalil Golf and Country Resort, Jalan 3/155B, 57000 Kuala Lumpur on Friday, 23 May 2014 at 10.00 a.m. and any adjournment thereof.

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

No.	Resolution	For	Against
1.	To declare a final single tier dividend of 0.63 sen per ordinary share in respect of the financial year ended 31 December 2013.		
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2013.		
	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 :-		
3.	Mr. Ng Kok Ann		
4.	Mr. Chan Ah Kien		
5.	Mr. Kan King Choy		
6.	To re-appoint the following Director who is retiring pursuant to Section 129 of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting :- Dr. Seow Pin Kwong		
7.	To appoint Messrs CAS & Associates as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
8.	**Ordinary Resolution 1** - To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	**Ordinary Resolution 2** - To approve the continuing in office of Dr. Seow Pin Kwong as Independent Non-Executive Director.		
10.	**Ordinary Resolution 3** - To approve the continuing in office of Mr. Cheng Sim Meng as Independent Non-Executive Director.		

(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 2014

....

Signature/Common Seal of Shareholder(s)

Notes :

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies 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 (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *The instrument of appointing a proxy shall be in writing under the hand of the appointer or his 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 in writing in that behalf.*
5. *The instrument appointing a proxy must be deposited at the Registered Office at 17 & 19, 2nd Floor, Jalan Brunei Barat, Pudu, 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, Pudu
55100 Kuala Lumpur
Malaysia

1st fold here

Brite-Tech Berhad
(550212-U)